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IMF: Mexico seeks new approach to funding, Page 4

World news

U.S. will not accept Hague rulings

The U.S. said it would no longer accept the compulsory jurisdiction of the World Court based in The Hague.

The State Department blamed the decision on the recent case brought against the U.S. by Nicaragua for the mining of its harbours. It said the objectives of the court "were being subverted by the effort of Nicaragua and its Cuban and Soviet sponsors to use the court as a political weapon."

The U.S. is expected to continue dealing with the court on cases involving international legal, commercial and border problems.

Jerusalem blast

Palestinian guerrillas blew up a five-storey building in Jerusalem. Twenty people were feared killed or wounded.

Refugees return

Thousands of refugees streamed back to Tripoli as Syrian troops occupying the war-stricked city strengthened their grip in strategic areas. Page 3

N. Korea accused

South Korea accused Communist North Korea of seizing 12 fishermen in what it said was an attempt to disrupt current World Bank and International Monetary Fund meetings in Seoul.

India strike clash

At least 75 people were injured and police rounded up 3,000 people as clashes broke out in the south Indian state of Kerala between supporters and opponents of a strike.

N Sea rig blow-out

One man was feared dead and eight injured when a gas blow-out ripped through an oil rig on the Haltenbanked field off Norway. Page 2

Army kills 4 rebels

The Israeli army said it had shot dead four Palestinian guerrillas after a manhunt across the occupied West Bank which had lasted months.

Zimbabwe arrests

Five senior Zimbabwe army officers, all former fighters for Joshua Nkomo, the main opposition leader, have been detained in the country.

Crash kills 10

Ten people died and 43 were injured in a chain of crashes on a crowded Californian motorway in Sacramento obscured by smoke

Engineers jailed

A court in Lagos, Nigeria, sentenced two British aircraft engineers to 14 years in prison on charges of stealing an aircraft.

Sakharov invited

Austria renewed an invitation to Soviet dissident physicist and Nobel laureate Andrei Sakharov to live and work in the country after speculation he might be allowed to emigrate. Sakharov was banished to internal exile in Gorky in 1980.

Cinema opening

South Africa is to allow cinemas in the centres of Johannesburg, Cape Town, Durban and Pietermaritzburg to apply for permits to admit blacks.

Chinese success

China's birth rate last year was down to 10.81 per thousand, the lowest natural rate since 1949 (there were major natural disasters in 1960-62). This meant that the end-of-year population was 1.035bn.

Ayers Rock battle

Australia's Northern Territory has launched a campaign against the federal decision to hand over Ayers Rock to aborigines, claiming it belongs to all Australians.

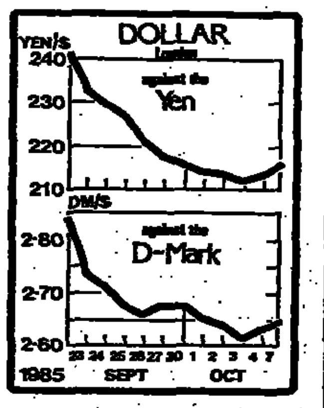
Business summary

Banks act to push dollar lower

CENTRAL banks intervened in the foreign exchange markets in an attempt to forestall a rebound in the dollar's value after its heavy losses in recent weeks. Page 20

WALL STREET: The Dow Jones industrial average closed down 4.37 at 1,324.37. Page 38

DOLLAR was firmer in London, closing at DM 2.65 (DM 2.632), FFr 8.08 (FFr 8.035), SwFr 2.169 (SwFr 2.1605) and Y215.4 (Y213.4). On Bank of England figures the dollar's exchange rate index rose to 130.8 from 130.0. Page 31



STERLING was slightly weaker against the stronger dollar in London, falling 15 points to $1.4135. It rose, however, to DM 3.745 (DM 3.725), FFr 11.42 (FFr 11.37), SwFr 3.085 (SwFr 3.0575) and Y304.5 (Y302.0). The pound's exchange rate index rose 0.6 to 80.2. Page 31

GOLD fell $1 on the London bullion market to $326.75 and was also lower in Zurich at $326.45. In New York the Comex December settlement was $330.50. Page 30

LONDON: Initial gains in equities were gradually eroded by a lack of enthusiasm. The FT Ordinary index closed 4.1 *down* at 1012.4. Gilts lost their recent upward momentum. Page 38

TOKYO: Institutional investors retreated to the sidelines but this loss of support was counteracted by speculative buying of blue chips and biotechnology stocks. The Nikkei-Dow market average gained 41.34 to 12,792.00. Page 38

FRANKFURT: Commerzbank index reached its fifth peak during the past six trading sessions to close 12.7 up at 1,604.9. Page 38

BRITAIN is to join Luxembourg and the Netherlands in starting a programme to remove trade barriers blocking development of the EEC's internal markets. Page 20

U.S. FARM credit-bank system, seeking government help to overcome heavy loan losses, is expected to lose $2.6bn in the next year. Page 4

ARAB investors paid $12m for a stake of between a third and half in Moseley, Hallgartern, Estabrook and Weeden, U.S. financial services group that recently closed is zero-coupon government securities business at a cost of $11m. Page 21

WEST GERMAN direct investment in Britain has almost doubled in two years, with a value just over DM 6bn ($2.3bn) at the end of last year. Page 10

JAPANESE executives will be in charge of the day-to-day running of the joint small car plant to be built by Chrysler and Mitsubishi in Illinois. Page 21

PANTRY PRIDE, Florida-based supermarkets group, increased its bid for Revlon, cosmetics and health-care group, to $56.25 a share in the face of a $56-a-share leveraged buyout offer which the company has agreed. Page 21

FERRUZZI, Italian agribusiness group, wants EEC backing for a plan to convert Europe's cereals surplus into ethanol, an additive used as a substitute for lead in petrol. Page 21

PIRELLI, Italian tyres and cables group, produced aggregate net profits in the first half of 1985 of more than $36m, compared with $32.3m a year earlier. Page 21.

UK police prepared to use plastic bullets in riots

BRITISH police are now prepared to use plastic bullets and CS gas to quell violent urban riots if they get out of hand with rioters using guns, writes Robin Pauley in London. Mr Douglas Hurd, Home Secretary, has ordered an evaluation of the possible use of water cannon to disperse rioters.

Consideration of these much tougher tactics on the streets emerged yesterday as police and the Government counted the cost of the violent rioting in the north London suburb of Tottenham on Sunday night. A policeman was knifed to death, another policeman and six other people were injured by gunfire, and more than 200 were hurt as police battled for several hours before managing to bring the riot under control.

Sir Kenneth Newman, London's Police Commissioner, said yesterday that police marksmen would have been prepared to use plastic bullets in Tottenham if the riot had not been eventually contained.

He said: "I wish to put all the people of London on notice that I will not shrink from such a decision should I believe it a practical option for restoring peace and preventing crime and injury."

Although Sir Kenneth was talking about plastic bullets in response to police coming under gunfire, Mr Hurd later said the use of such bullets if police found themselves being attacked by petrol bombs would have his full support.

"It is absolutely vital that the police in London have the equipment they need," Mr Hurd said.

The much tougher police methods are being considered for three reasons.

The riots this year – in Handsworth (Birmingham), Brixton (south London), Toxteth (Liverpool) and Tottenham – have shown a pattern of violence which is getting worse in each successive riot than in the one before, contrary to the general pattern during the riots of 1981.

Secondly, the police are finding the riots much harder to bring under control quickly using traditional methods of lines of officers with shields, helmets and truncheons. Uncontrollable rioting raises problems not only of general safety but also makes it difficult for fire and ambulance services to get in and out of the area effectively.

Continental European countries and the U.S. have long used attacking rather than defensive tactics in riots. Freezing cold water under pressure from water cannon is one of the West German police force's principal weapons against rioters.

Third, Sir Kenneth, the architect of many of the new community policing methods in inner cities, now believes that political agitators are planning and co-ordinating disturbances in areas of high ethnic minority populations.

"I am waiting for more detailed reports but they were probably of a Trotskyist or anarchistic outlook," he said. Police had known they were active for some time and knew who some of them were. "They are from both within and outside London and they are both black and white."

As in most of the recent urban disturbances, Sunday's Tottenham riot was provoked by a policing incident. Police stopped . Mr Floyd Jarrett about a motoring offence. He was then charged with assaulting a police officer and was bailed to appear in court next Monday.

Police with a warrant searched the home of his mother, Mrs Cynthia Jarrett, for stolen property.

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Background, Page 11

Baker signals U.S. backing for boost in World Bank capital

BY PETER MONTAGNON AND STEWART FLEMING IN SEOUL

THE U.S. is prepared to support a move to increase the capital of the World Bank on condition that it clearly needs new resources to support a higher level of lending, Mr James Baker, the Treasury Secretary, said yesterday.

In a statement to the Development Committee of the IMF and World Bank, Mr Baker said: "If the demand for quality lending were to increase, (the World Bank) should be encouraged to respond effectively and resources should be made available to enable it to do so."

He added that the U.S. "intends to keep the capital needs of the bank under close review and we will carefully assess the adequacy of the bank's resource base as the demand for quality lending increases."

Mr Baker's comments appear to mark the end of a period of hostility towards the World Bank by the Reagan Administration.

They were welcomed by Mr A. W. Clausen, World Bank president. Commenting on the communiqué issued later by the IMF/World Bank Development Committee on which the U.S. is represented, Mr Clausen said that there is now unanimous support for an expanded role of the World Bank, the world's largest international development agency, and an agreement that "there should not be any constraint on our expanded lending programme by lack of capital."

He indicated that although the current sustainable lending rate of the World Bank is between $13.5bn and $14bn, compared with actual lending commitments of $11.4bn in its latest financial year, current plans suggest that within two years the process leading up to a general capital increase would have to be set in motion.

Mexico plans a new approach to raising over $3bn from international credit and bond markets to meet its foreign finance needs for 1986. The approach, described by officials as "voluntary with a push," is a radical departure from so-called forced lending and has already become a controversial idea among European bankers. Page 4

Mr Baker's comments were seen as having been designed in part to pave the way for the statement he is expected to make today outlining new steps which the U.S. would like to see aimed at increasing the flow of finance to developing countries. The objective would be to stimulate their growth and facilitate continued medium-term efforts to improve their economic efficiency.

There is still considerable uncertainty about the precise steps Mr Baker will take, although British Government officials here have suggested that they could involve doubling, to $20bn over three years, World Bank lending to Latin America and moves aimed at encouraging between $20bn to $30bn of net new commercial bank lending to the Third World over a three-year period.

Leading U.S. commercial bankers, however, were yesterday saying that although they welcomed in principle efforts to stimulate additional flows of funds to debt-ridden developing countries, major hurdles had to be cleared if the proposals they expect are to be realised.

One senior banker commented that notwithstanding Mr Baker's comments, the commercial banks would want to see clear statements of support both from the White House and the U.S. Congress for the Treasury Secretary's position.

They would also need clear commitments of support from European governments and commercial banks and convincing evidence that developing countries would make the structural adjustments in their economies to justify new commercial bank lending.

The banker added that if, as he expects, the commercial banks will be called on to work more closely with the World Bank in developing countries, the bankers will want to be convinced that the World Bank will insist that the policy reforms it calls for as a condition of its lending, are indeed implemented.

Another senior U.S. banker remarked that he would also like to see that "pariah nations such as Peru" who are turning their backs on both the commercial banks and the IMF and World Bank by saying they will decide what level of debt service they can afford, should be cut off from both official and private finance.

Paris to pump FFr 3bn into new jobs plan

BY PAUL BETTS IN LILLE

THE FRENCH Government plans to spend FFr 3bn ($373.5m) on creating 10,000 to 15,000 jobs in the depressed industrial region around Lille and the Pas de Calais in northern France.

The money is to be spent on incentives to attract new business to the north, cutting social charges for newly created jobs in the area and boosting the funds available to the regional authorities and special companies set up to encourage new investment.

The area, which has been hard hit by closures and redundancies as the steel and coal industries have been restructured, will also be the site for new developments by nationalised industry.

The Thomson electronics group is to build an electronic components plant in the Trith-Saint-Léger area, creating an initial 350 jobs, which should rise to 600 in the longer term. Électricité de France and L'Air Liquide are also to build a plant in the area to produce hydrogen for the Ariane space rocket.

A new high-technology university is to be built at Lille, and a working party is to be set up to review the advantages of the proposed fixed-link across the Channel could bring to the region. The Government is also envisaging the construction of a motorway along the coast from the Belgian border to Rouen and Le Havre in Normandy.

At the same time, the Government is encouraging the development and modernisation of agriculture in the area. Agriculture is increasingly being seen as one of the more promising and stable sectors of the economy of the deprived region. At Dunkirk, a FFr 80m grain terminal has just been completed to compete against Belgian and Dutch grain ports while additional funds are being provided to help improve the drainage system of the lowlands between Dunkirk and Lille. The French Agriculture Ministry puts the need for funds for drainage at FFr 1bn.

The long-awaited support measures for the north have already been criticised by the right-wing opposition parties as an attempt to stage "a political coup" before the general elections next March. The pro-Communist CGT union, which has been orchestrating a series of increasingly tough actions at the troubled Dunkirk shipyards, has also criticised the government plans as "political promises."

The north of France has been pleading for months for special measures comparable with those granted to the nearby eastern region of Lorraine to compensate for steel plant closures.

The decision last summer by the Unimetal state steel group to close another steel plant at Trith-Saint-Léger with the loss of 770 jobs after the Socialist administration had earlier pledged that no more closures would be made, provoked a furious reaction in the area.

M Pierre Mauroy, the former Socialist Prime Minister and mayor of Lille, and other leading Socialists have been campaigning strongly for a new aid package fearing that the latest steel restructuring could seriously undermine the party in the north in next year's elections.

Soares hands over to Deputy Premier

By David White and Diana Smith in Lisbon

PORTUGAL is heading for a minority centre-right government to replace the centre-left coalition administration of Sr Mario Soares, whose Socialist party was heavily defeated in Sunday's general election.

General Antonio Ramalho Eanes, the President, after consulting chiefs of all the major parties, can now be expected to ask Sr Anibal Cavaco Silva, leader of the Social Democrats (PSD), to form a government.

In a surprise move last night, Sr Soares announced that he would step down immediately from his office as Prime Minister in favour of Sr Rue Machete, the Social Democratic Deputy Premier.

Sr Soares said he was writing to the President to tell him this because he believed it would be more consistent in view of the election result to have a Social Democrat running the caretaker Government until a new administration is formed.

Sr Soares's Government became a caretaker administration in the summer after the President decided to call a snap election.

The PSD, which took part in the outgoing administration until Sr Cavaco Silva's arrival in the leadership earlier this year, took just under 30 per cent of the vote on Sunday as Socialist support slumped to barely 20 per cent from over 36 per cent in the last election in 1983.

Sr Cavaco Silva has said he will invite the Christian Democrat (CDS) party into a new coalition, but this would still fall short of a majority of the 250 seats.

The balance of power in the new parliament will, therefore, be held by the recently-formed Democratic Renewal Party (PRD), which produced the major surprise of the election by taking third place in the election with 18 per cent of the vote.

The PRD, made up from followers of General Eanes, gained from widespread disillusionment with party politicians and was the main factor behind the Socialists' collapse. Disaffection with the main parties was also reflected in an abstention rate of about one in four.

The PRD leader, Sr Herminio Martinho, said the party would not join a coalition, but indicated that it would be prepared to give a minority government support in parliament on condition that its programme respected certain "minimum guarantees."

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Canadian banks set up support group as new problems emerge

BY BERNARD SIMON IN TORONTO

RECENT difficulties experienced by a number of small Canadian banks have prompted the country's six largest banking groups to form a secret support group aimed at maintaining confidence in the banking system.

Bank officials and securities analysts confirmed yesterday that the group has provided liquidity in recent weeks to Mercantile Bank of Montreal, Canada's eight largest bank, in which Citibank of New York has a 24.2 per cent stake.

The support for Mercantile follows the collapse last month of two Alberta banks, Canadian Commercial Bank and Northland, the first bank failures in Canada since 1923.

Both were heavily exposed to the depressed energy and real estate markets, but their demise was hastened by depositors withdrawing funds after government agencies and the six major banks put together a C$255m ($187m) rescue package in March.

Mr Robert Davidson, Mercantile's chairman, declined to comment on assistance from other banks, saying only that "arrangements have been made" to maintain the bank's funding. He said that Citibank has been "supportive."

Mercantile had assets of C$4.4bn on July 31 and net income of C$9.2m in the three months to July 31. The bank is funded almost exclusively in the money market.

Mr Davidson confirmed that its ability to attract deposits has been hampered by nervousness stemming from the troubles in Alberta. But he said that "we're still liquid and we're certainly solvent."

The Government is apparently anxious not to become directly involved in the wake of embarrassment caused by the CCB and Northland failures.

Ministers and government officials repeatedly assured depositors in CCB that their funds were safe after last March's bailout. The subsequent collapse of the bank has left Ottawa with little choice but to pay out all depositors, including those not covered by the official deposit insurance scheme. Payments to uninsured depositors are expected to cost the exchequer more than C$800m.

Mercantile paid an average of 9.4 per cent per annum on deposits in the three months to July 31, compared with less than 8 per cent paid by the five largest banks. One analyst said yesterday that the bank's current funding in the money market "is a question of availability, rather than price."

Mercantile's share price has slumped from C$15 to C$8 in heavy trading on the Toronto stock exchange in the past two months, but has since recovered to C$10⅞.

Mercantile was a wholly-owned Citibank subsidiary until 1987 when changes in Canadian bank laws restricted foreign shareholdings. Citibank has agreed to reduce its shareholding to 10 per cent by the early 1990s.

The Federal Government appointed a judicial committee of inquiry last week to investigate all aspects of the CCB and Northland failures.

The collapses are expected to lead to tighter supervision of financial institutions and a delay in government proposals published earlier this year to allow financial conglomerates to build up dominant shareholdings in banks through financial holding companies.

CONTENTS

[illegible]	Luxembourg .. LFr 42	Sweden .. Skr 6.50
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France .. Fr 6.00	Mexico .. Pes. 300	Taiwan ... NT 385
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Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.A.E. ... Dh 6.50
India ..... Rup. 15	Philippines . Pes. 20	U.S.A. $1.00

Soviet oil sales to West may decline

By Maurice Samuelson in London

THE SOVIET UNION'S oil sales to the West, cut earlier this year because of production problems, may be squeezed a lot further this year because of additional developments outside its control.

Yesterday's issue of Petroleum Intelligence Weekly, says the Soviets may have to divert large quantities of oil to Eastern Europe whose own imports from Iran will be seriously disrupted by the damage to Iran's Kharg Island terminal.

According to the New York-based bulletin, spot supplies of crude from the Soviet Urals oilfields have "evaporated." Customers are said to have raised their expectation of the 1985 short-fall in Soviet sales to 70 per cent from an earlier estimate of 50 per cent.

This means the Soviet Union could pull an additional 300,000 to 400,000 barrels a day off world markets, which is about as much as Eastern European countries imported from Iran before the latest flare-up.

This would represent about 20 per cent of the Soviet Union's total exports to the West last year and is in addition to the one-third cutback announced by Moscow earlier this year.

Soviet oil and gas sales to the West – mainly Western Europe – earn 60 per cent of the hard currency Moscow needs to purchase foreign grain, consumer goods and industrial equipment.

Finland, a leading customer for Soviet oil, is reported to have been told that deliveries this year will fall by 12.5 per cent, or 7.3m barrels.

As a result of domestic production difficulties, Soviet oil exports were sharply reduced in the first quarter of 1985, causing a Soviet trade deficit of $2bn, compared with healthy surplus in the corresponding period last year.

Norwegian rig hit by fire

By Fleming Dahl in Oslo

A NORWEGIAN oil rig worker was reported missing after a gas blow-out and fire hit the Norwegian semi-submersible drilling rig West Vanguard on Haltenbanken, on Sunday.

Of 80 people on board the rig, most of them Norwegian, 70 were soon picked up by boat after they had evacuated the burning rig in lifeboats.

The Norwegian state oil company, Statoil, had only started drilling operations one day earlier. Statoil said that the blow-out occurred when the drill bit reached an unexpected shallow gas pocket about 200m under the sea bed.

Statoil said later there was a fair chance that the rig had not suffered severe damage.

Rupert Cornwell in Bonn assesses the West German President's most taxing mission

Weizsäcker pursues better relations with Israel

WITH his departure for a state visit to Israel, Herr Richard von Weizsäcker today begins his most important and taxing foreign mission since he becatme the sixth president of West Germany just over 15 months ago.

It is now 40 years since the end of the Second World War, and two decades have elapsed since the two countries established diplomatic relations. Yet the past, and the barbarities committed this century by a German dictatorship against the Jews ensure that even now ties between them are like no other.

It is, indeed, a measure of the emotions and paradoxes which still colour German-Israeli relations that the man best in a position today to help them down the long path towards normality is one almost without any executive power to do so.

Herr von Weizsäcker's four-day journey has been described as a "milestone which will go down in history" by Mr Yitzhak Ben-Ari, the present Israeli Ambassador in Bonn — and not only because it is the first of its kind by a West German head of state.

Of all living West German politicians, Herr von Weizsäcker is the one, with the possible exception of the former Chancellor Herr Willy Brandt, whom the Israelis hold in most esteem. One reason is the fact that he has already been to the country three times before; but his current prestige reflects above all the President's unflinching, cathartic speech to mark the 40th anniversary of the final defeat of Hitler last May 8, in which he acknowledged the indelible responsibility which Germany held for the catastrophe, and for the atrocities committed by its people.

But even this may not be sufficient to ensure a trouble-free passage. The extraordinary abuse of the then Chancellor Helmut Schmidt by Mr Menachem Begin, the Israeli premier was a bitter reminder just four years ago of how thin the veneer of normality can be.

Even the visit of Herr Schmidt's successor, Chancellor Helmut Kohl in January 1984 was marred by what his hosts took as an insensitivity to the Holocaust, and a scarcely concealed impatience that German foreign policy in the Middle East at least, should continue to be conditioned by the sins of a generation to which he personally did not belong.

Herr von Weizsäcker's sense of history cannot be criticised. But two separate new circumstances are proof that the underlying difficulties remain: the Israeli air attack on the PLO's headquarters near Tunis, and renewed rumours that a major West German arms deal with Saudi Arabia may be in the offing.

Bonn has joined the Community in condemning the first, while the second, after years of successful pressure from Jerusalem in blocking a mooted sale of Leopard 2 tanks by Bonn to Riyadh, threatens to reopen old wounds and make the President's stay more awkward than it might otherwise have been.

In many respects, though, relations are healthy enough. West Germany (albeit with a trade surplus of DM 1.1bn in 1984) is Israel's most important trading partner after the U.S. Though only 30,000 Jews live today in Germany, compared with some 600,000 in the early 1930s, Israel's youth exchange programme with West Germany at 7,000 is its largest with any single country. A further increase is one of the possible practical results of the von Weizsäcker journey.

On top of this Bonn has paid huge reparations to Jews in Israel for what happened under the Third Reich—totalling in all perhaps DM 50bn (£13.3bn). It is a far cry from East Germany, which has no relations with Israel, has paid not a pfennig of compensation that grounds that it is not the successor of the Nazi state, and which, Israel insists, provides bases and training for terrorist groups vowed to its destruction.

West Germany and in particular its youth on the other hand have not forgotten the past. Indeed, the anniversary year of 1985 has seen the Nazi period honestly and objectively examined as rarely before. Whatever, the growing readiness at home to criticise Israeli foreign policy, German tourists are visiting Israel in ever increasing numbers, to see for themselves.

On this consciousness Herr von Weizsacker will seek to build this week, in his speeches, and at a keenly awaited meeting with a small group of Israel in ever increasing numbers, to see for themselves.

On this consciousness Herr von Weizsacker will seek to build this week, in his speeches, and at a keenly awaited meeting with a small group of Israeli youth of differing political views.

None of this of course guarantees that there will not be difficulties. The visit of President Reagan and Chancellor Kohl last May to the Bitburg military cemetery where SS vetrans are burried still rankles in Israel, and Herr von Weizsacker may face isolated demonstrations, notably from the far right, seeking political capital from attacks on Germany.

But his May 8 speech, insisting that the past could never be forgotten, is his greatest asset. It has been remarked of Israeli-West German relations that the former look at the present through the past, while the Germans tend to judge the past by the present. The President is a striking exception to this rule—which paradoxically could mean that he has a leeway which other Germans do not.

WEST GERMAN companies are negotiating a huge arms deal with Saudi Arabia, that would see delivery of an entire plant for the production of "intelligent" howitzer and tank shells, writes Rupert Cornwell.

The discussions, which could lead to a final agreement in 1987, were confirmed yesterday by the two companies principally involved: Rheinmetall of Duesseldorf which will have "product responsibility" in the venture, and Thyssen Rheinstahl Technik which will look after the management of the project.

The ammunition in question is 105mm and 155mm howitzer shells and 105mm and 120mm calibre tank shells. The shells are compatible with a wide range of Nato and U.S. weapons systems, and the 120mm tank shells can be used by both the American MI and French AMX 40 battle tanks.

Company spokesman would neither confirm or deny reports that the total value of the deal is DM 9bn (£2.4bn). The munitions plant alone is said to have a price tag of up to DM 7bn.

Buthelezi carries campaign to Europe

By William Dullforce in Geneva

FOREIGN companies operating in South Africa should create more opportunities for blacks rather than withdraw investments, Chief Mangosuthu Buthelezi said here yesterday. He is president of the Zulu-dominated Inkatha movement which with 1m card-carrying members claims to be the biggest black organisation in South Africa.

The free enterprise system was not creating enough jobs for blacks. It was not doing enough to improve opportunities for skilled black workers and managers and to give blacks the chance to take shares in enterprises. The result, the Chief said, was a groundswell of opinion among black organisations that the future of their country lay in Socialism.

Chief Buthelezi is on a 10-day visit to Europe during which he will present his views on the situation in South Africa to businessmen, church leaders, lawyers and academics. Yesterday, he lunched with Swiss businessmen.

Some black leaders had been urging foreign companies to withdraw investments in South Africa, Chief Buthelezi agreed. But as an elected leader who regularly tested people's feelings, he had found no mandate among blacks for a disinvestment policy.

The faster the South African economy developed, the more it would depend on black workers and the greater would be the clout of black organisations. The dependence of the white-dominated economic system on blacks was the soft underbelly of the apartheid system, Chief Buthelezi said.

Black disunity was now the biggest obstacle to political progress in South Africa and the prospect of black civil war was very serious, he said in an interview.

His Inkatha movement has rejected the "armed struggle" promoted by the African National Congress (ANC). Several people have been killed in recent clashes between Inkatha members and supporters of the United Democratic Front (UDF) which Inkatha regards as a front organisation for the exiled ANC.

The latest agenda for reform presented by President P. W. Botha had been bitterly disappointing, the Chief said. The offer of black participation in the President's Council and the commitment to universal franchise were totally inadequate.

President Botha had stipulated that these concessions would have to fall "within the structures chosen by South Africans, implying that the present tricameral (White, Indian, Coloured) parliamentary system would persist," Chief Buthelezi said.

Rocard strengthens position on eve of Socialist party congress

BY DAVID HOUSEGO IN PARIS

M MICHEL ROCARD, the outsider within the French Socialist leadership, has strengthened his grip considerably on the party by almost doubling the representation of his following on the party's executive committee.

The sharp increase in M Rocard's strength means that for the first time since 1981 President Francois Mitterrand's followers no longer have an absolute majority in the main decision-making body of the party.

The shift in the balance of power comes on the eve of the party congress which opens in Toulouse on Friday. The congress now seems likely to be overshadowed by M Rocard's bid to transform the Socialist movement into a more forward-looking Social Democrat Party and to have himself eventually accepted as the candidate of the Left in the next Presidential election.

The increase in M Rocard's representation on the executive committee stems from the number of votes cast by local Socialist federations for the policy motion he submitted in advance of the congress.

M Rocard's motion scored 29 per cent of the votes while the official motion proposed by M Lionel Jospin, the party secretary, won the rest. Until recently M Rocard was said to represent a minority of about 10 per cent in the party.

As a result of the vote, M Rocard's followers have been allocaed 38 seas on the executive committee instead of 20. But with every sign that the traditional so-called Mitterrand faction within the party is now breaking up the following of M Pierre Mauroy, the former Prime Minister, could swing in M Rocard's favour.

The congress had been seen by the leadership as an occasion for rallying the party militants in advance of the parliamentary elections in March. But the unexpectedly strong showing made by M Rocard who quit the government earlier this year, means that the party will be brought face to face with crucial issues about its future strategy and leadership.

The immediate question before the congress, however, will be whether a compromise can be reached on the rival texts submitted by M Rocard and M Jospin, or whether the party wil lend its congress divided.

M Rocard is the most popular of the Socialist leaders on the basis of the public opinion polls. But until now he has had to face the hostility of much of the party leadership and of M Mitterrand himself.

Communist daily given face-lift

BY OUR PARIS CORRESPONDENT

READERS OF L'Humanite, the French Communist daily newspaper, found yesterday that their paper had been given a face-lift.

The sombre, large broadsheet which for years has broadcast the party gospel in its front page editorials, has transformed itself into a jolly tabloid.

"The world changes, newspapers change, and Communists as well," said M Roland Leroy, the director) in an editorial re legated to page three.

It is an assertion that would be challenged by most political analysts in France as the most remarkable fact about the French Communist Party is how little it has changed.

The front page of the new L'Humanite was noe the less dominated yesterday by a photograph of Alain Prost, the French racing driver, clutching his trophy, after his victory at Brands Hatch on Sunday. The paper's sports-coverage has been enlarged, articles are smaller and there is more emphasis on personalities.

But the change of format has not meant any letting up in the attacks on the Socialist Party. An analysis on page two painted a dreary picture of Brittany on the eve of President Francois Mitterrand's visit there yesterday.

L'Humanite has changed its format in the hope of attracting more readers in advance of the March parliamentary elections. Yesterday it printed 350,000 copies — but it will have a hard time keeping a circulation at half that figure.

E. German economy rises 4.4%

By Leslie Colitt in Berlin

EAST GERMANY'S national income (equivalent to GNP minus services) rose 4.4 per cent to the end of September, fulfiling the plan and out-pacing economic growth in the other Comecon countries.

Industrial production rose 4.5 per cent, 0.2 per cent above target. The economy suffered least from the extreme cold last winter which severely set back enegry output in most other East European countries and led to production losses.

Output rose by 13.6 per cent in electrical engineering, by 13.7 per cent for vehicles and 11.6 per cent in the chemicals industry. No figures were given for investments, which have virtually stagnated in real terms since 1980.

East Germany had its largest grain harvest ever, 1.6m tonnes, while animal slaughtering rose 5.7 per cent, and the fruit crop was up 93 per cent. Fruit is being distributed free to schools in the Magdeburg district, as the country does not have the capacity to can or freeze much.

No details were given on foreign trade, except to say that exports to the Soviet Union had over-fulfilled the target, while foreign trade with Comecon went according to the plan. A "significant" export surplus was said to have been achieved in trade with the West.

Retail trade turnover, an indicator of the standard of living, rose 4 per cent and met the planned target. Inflation officially does not exist, but, even after price rises, the standard of living is again rising, although slowly.

Flexible timetable for CAP reforms

BY IVO DAWNAY IN BRUSSELS

SENIOR OFFICIALS at the European Commission have drawn up a more flexible timetable for presenting wide-ranging reforms to the common agricultural policy (CAP) in order to absorb controversial proposals for the costly cereals sector into the general debate on next year's farm prices.

Originally, new Commission regulations for grains were to have been presented this month. Instead, only outline plans are likely to be laid down in a special memorandum, allowing further discussion to continue until December when other issues will also be tackled.

The decision to hold off from announcing firm legislative measures immediately has been taken by Mr Frans Andriessen, the Farm Commissioner, on the advice of senior officials.

They calculate that any major reform to the controversial cereals regime will need to come alongside a general package of management and price proposals. This would allow the Commission the maximum room for manoeuvre.

The grain surplus, now costing more than Ecu 3bn (£1.7bn) annually, represents the most intractable area for reform on the agenda, with the West Germans, at one extreme, refusing price cuts and the UK, at the other, insisting upon them.

The Commission's solution, officially denied, is expected to include the use of co-responsibility levies to pass on the rapidly rising cost of export subsidies to producers, higher quality standards and possible restrictions on the times unsold grains can be delivered to Community stores.

Mr Andriessen is widely rumoured to have come under considerable pressure both from member states and fellow Commissioners to moderate the package in an effort to minimise its political impact. Everyone involved in drawing up the reforms is acutely aware that elections next year in France, and in Lower Saxony and Bavaria in West Germany will reduce the farm ministers already limited room for manoeuvre.

ATTEMPTS TO rescue from limbo a European Community patent convention signed ten years ago will be made by the Ten, with Spain and Portugal, at a special conference in December, writes Paul Cheeseright in Brussels.

The original convention was agreed by all the present Community members, except Greece which was then not in the EEC. But to come into force, it needed ratification by national parliaments. For constitutional reasons, Ireland and Denmark have not been able to ratify, so the convention has never worked.

The convention would grant patent protection throughout the Community and is seen by the European Commission as essential to the smooth working of the internal market.

Tax measures benefit Italian middle class

By James Buxton in Rome

ITALY'S middle classes appear to be the main beneficiaries of tax measures which the Government is to introduce from the beginning of next year.

The measures, which must be approved by Parliament, will reduce the rate of income tax for all except those in the very lowest tax brackets. The aim is to reduce the effects of fiscal drag, the process by which people pay at a higher rate as inflation pushes them into higher tax brackets. The rates were last revised in 1983.

A married man with two children earning L50m a year (£20,000) will pay tax at a rate of 25 per cent instead of 30 per cent. A man on L100m a year will see his rate drop from 38 to 34 per cent.

The package will cost the Government L3,650bn next year and L6,400bn to L6,700bn in 1987. It was drafted by Sig Bruno Visentini, the Minister of Finance, in response to demands for greater fiscal equity.

Sig Visentini, from the small Republican Party, has doggedly refused to raise taxation, despite pleas from Sig Giovanni Goria, the Christian Democrat Treasury Minister, to produce more revenue to help cover the budget deficit. This is expected to be L110.000bn next year.

Serious poll setback for Austrian Greens

BY PATRICK BLUM IN VIENNA

AUSTRIA'S "Green" parties suffered their first serious setback in elections for the provincial parliament of Upper Austria on Sunday, failing to win any seats despite hopes that they would repeat their unexpected success of a year ago in Voralberg, where they won four seats.

The elections were seen in Vienna as a test of the political barometer six months before the presidential elections due, in the spring. The results will give comfort to the conservative opposition People's Party (OVP) which increased its vote by more than 3.7 per cent compared with the last provincial elections, winning an extra seat and maintaining its overall majority with 30 seats out of a total of 56.

The party had been doing badly in opinion polls until recently, trailing behind the ruling Socialist Party. A poor showing in Upper Austria would have further undermined the authority of Dr. Alois Mock, the party leader.

The two government parties did badly, both registering a sharp decline in the number of votes won despite an increase in the total number of voters. The small right-wing Freedom Party, junior partner in the coalition Government with the Socialists, fared worse. It lost 18.9 per cent of its vote and one seat in the provincial parliament, leaving it with only three seats.

The Socialist Party saw its vote fall by about 5.9 per cent but managed to retain its 23 seats in the provincial parliament.

The results will trouble the government parties and more particularly the Socialists, who are anticipating a hard fight in the forthcoming presidential elections.

But the greatest disappointment was for the Greens who competed against each other with the result that neither made the expected breakthrough. None of the Green parties have run in previous provincial elections in Upper Austria.

The United Greens (VGO), the conservative and largest of the Green parties, won only 2.2 per cent of the vote, well short of the 4 per cent VGO leader Herr Josef Buchner had hoped for in order to gain a seat in the parliament.

The left-wing Alternative Greens won only 1.7 per cent of the vote and another small group less than half a per cent. The Greens's combined vote suggest that they would have been more successful had they run a combined campaign as in Voralberg last year, but the parties have fallen out recently because of their very different approaches on other major issues.

The VGO will have found some comfort in winning three seats and more than 5 per cent of the vote in city council elections in Linz, the provincial capital of Upper Austria, which also took place on Sunday. The vote is thought to have been greatly influenced by the presence in Linz of two of the country's largest industrial companies against which the Greens waged a strong anti-pollution campaign.

Attack on credit policy

By Christopher Bobinski in Warsaw

A SENIOR Polish official has charged that the West is conducting a "neocolonialist" credit policy towards heavily indebted Third World countries and warned that in time this will lead to "effective" resistance.

The attack by Mr Stanislaw Dlugosz, a deputy head of the Government's planning commission, appeared yesterday in a Warsaw newspaper and came as Poland itself struggles to service its debt which is now approaching $30bn.

Yesterday Polish officials were also due to sign a long-term trade agreement with the Soviet Union covering the years 1986 to 1990, during which period Poland will have to balance its Soviet trade.

Polish sales will have to grow much faster than imports from the Soviet Union which will put an additional strain on the economy if balance is to be achieved by 1988. At present Poland owes the Soviets 5bn roubles ($4bn).

Mr Dlugosz, who has in the past criticised Polish agreements rescheduling, payments to Western banks, was echoing remarks made on "financial neocolonialism" in General Wojciech Jaruzelski's speech at the United Nations last month.

The more strident tone on debt policy comes as Poland's hard currency earnings are faltering and the country is having difficulty in fulfilling repayment agreements with Western governments.

Last week an International Monetary Fund (IMF) team left Warsaw after talks which the Poles hope would directly precede the country rejoining the IMF.

However Mr Dlugosz in his interview says in a veiled criticism of the IMF that "I agree that some international financial institutions are a very effective instrument in the hands of the neocolonialists."

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Pretoria to spend R600m on job-creation schemes

BY JIM JONES IN JOHANNESBURG

THE South African Government is to finance a crash job creation programme as part of a special R600m (£167m) economic spending package over the next six months. Describing the programme as similar to those launched during the Great Depression of the 1930s, Mr Pietie du Plessis, Minister of Manpower, said that emphasis would be placed on labour-intensive projects which would pay labourers between three and four rands a day and provide men "with at least some income to keep body and soul together."

In addition to spending on special labour-intensive projects, the Government will provide R150m to prop up the faltering Unemployment Insurance Fund (UIF), to which both employers and employees contribute and which provides a modicum of unemployment benefits for lowly paid workers.

In recent months claims against the UIF have been greater than its income and there have been fears over the fund's soundness, as it has been obliged to sell investments to meet its commitments. At present the UIF has sufficient funds to maintain unemployment benefit payments for a further seven to nine months.

Mr Du Plessis said in Pretoria yesterday that R70m would be spent on self-help housing and infrastructure projects, while R75m would be provided to assist small businesses through the Small Business Development Corporation (SBCD), a private sector organisation. Food and clothing worth R20m is to be distributed in direct relief to families worst hit.

The aim of the make-work spending is to ensure that about 80 per cent of the cost of any project would consist of wages, Mr Du Plessis said. He envisages urban projects such as cleaning inhabited and uninhabited areas, digging trenches for sanitation and water pipes and the development of community facilities such as sports fields. In the countryside projects will concentrate on combating soil erosion, building dams and roads, eradicating weeds and canal digging.

The third leg of the special spending programme is on training unemployed workers. The intention is to train about 130,000 people by the end of March 1986 at a cost of R25m out of a total budgeted amount of R100m.

Sabah Attorney General faces corruption charges

BY WONG SULONG IN KUALA LUMPUR

MR HERMAN LUPING, the influential Attorney General of the East Malaysian state of Sabah, was arrested yesterday on corruption charges, a development which is seen as the most serious blow to the fragile six-month-old Christian-Kadazan dominated state Government.

The anti-corruption agency in Kuala Lumpur said Mr Luping would appear in court today to face four corruption charges involving Ringgit 1.55m (£450,000) when he was legal adviser to the Party Bersatu Sabah (PBS) of Chief Minister Datuk Joseph Pairin Kitingan.

Mr Luping, 48, a former Sabah deputy chief minister, was widely credited for drawing up the strategy which brought the PBS to power in last April's state elections.

He is a close adviser to Datuk Pairin, and shortly after the PBS won power, Mr Luping was made Attorney General.

Mr Luping's arrest could affect the chances of PBS winning a crucial by-election in Sabah this Saturday. The by-election is the first electoral test for the party since winning power, and a defeat would spur Moslem groups to work towards toppling Datuk Pairin's Government.

The political and security situation in oil and timber-rich Sabah has been tense since PBS won power, and this was further aggravated by a recent Filipino pirate attack on Lahad Datu, which left 15 dead.

Refugees return to the rubble of Tripoli

By Nora Boustany in Beirut

SYRIAN troops consolidated their hold over the war-scarred port city of Tripoli yesterday as refugees streamed back to their shattered homes amid unverifiable claims about the fate of three missing Soviet embassy officials.

An anonymous caller Sunday told two American news agencies here the Soviet hostages, two diplomats and an embassy doctor, would not be freed unless the presidents of the U.S. and Soviet Union agreed to put an end to Lebanon's civil war at their forthcoming summit. Speaking in the name of the Islamic Liberation Organisation, which took responsibility last week for the abduction of four Soviet officials and the assassination of one of them, the caller said the end of hostilities in Tripoli did not mean the conspiracy against Moslems was over.

Though the authenticity of such calls remains doubtful, silence since last Wednesday evening on the whereabouts of the Soviet captives has fuelled suspicions their disappearance may be linked to regional power conflicts.

In Beirut, armed men clashed sporadically with machineguns and rocket launchers at the Palestinian refugee camps of Sabra and Chatila. Radio stations said the fighting at Sabra and Chatila was between Shi'ite Moslem militiamen and Palestinian guerrillas. The Shi'ite Amal movement, which fought a bitter five-week war against the three Palestinian camps south of Beirut earlier this summer, claimed yesterday's fighting was an internal Palestinian problem.

Residents returning to Tripoli—where three weeks of fighting has left more than 500 people killed and 1,300 wounded—rummaged in rubble-strewn streets for remains of their property. Observers estimated that only one third of Tripoli's houses were immediately habitable. Concentrated shelling from Syrian-held hills against strongholds of the diehard Islamic Unification Movement as leftist militias stormed Tripoli on September 28 devastated once densely populated neighbourhoods, knocked out power cables and burst water pipes.

Michael Thompson-Noel reports on fears of inflationary pay deals

NZ economy poised on a high wire

IF IT ISN'T one thing with the New Zealand economy it is invariably another. The latest tremor of concern in Wellington, registering about a little over five on the national scale, concerns progress in the current wages round, which is of central importance to the aspirations of Mr David Lange's 14-month-old Labour Government.

Late last month New Zealand's electrical workers settled for a 15.5 per cent pay rise, with other allowances still to be considered in the Arbitration Court. This was the first major settlement of the round, and contrasts with Government hopes of nominal incomes growth of 10 to 13 per cent in 1985-86.

At once, there was signalling from the "Beehive," the executive wing of Wellington's Parliament House, insisting that high pay settlements are "unacceptable" and will lead to a rash of business failures.

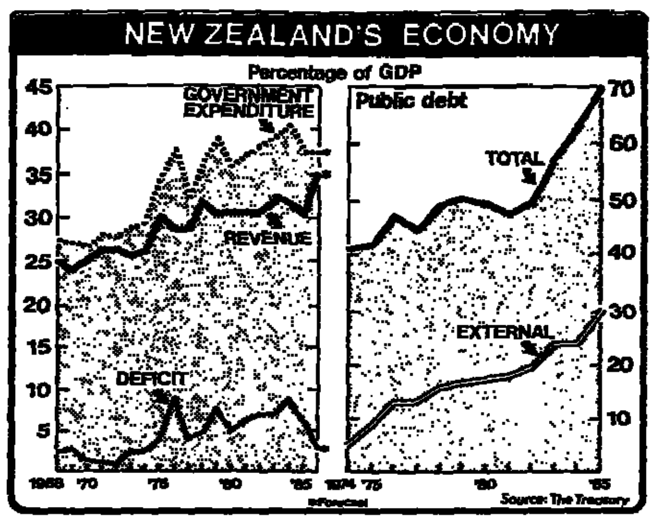
Failure by employers to heed Government warnings could also easily undermine Labour's strategy—let alone its political scaffolding—for the economy is at present delicately poised on a very high wire.

To cries of "Bravo!" from the outside world, Mr Lange's Government has swiftly swept away the controls on the economy, at a pace perhaps too hectic for a country with a penchant for living in the past.

In its bid to modernise, it has devalued and floated the NZ$; removed interest rate and foreign exchange controls; introduced an active debt sales programme; tightened fiscal policy; announced significant tax reform and taken a vacuum cleaner to industry assistance schemes and farm subsidies.

Mr Roger Douglas, the Finance Minister, insists that if New Zealanders are to enjoy permanently higher incomes and employment, lower inflation, and an end to huge debt accumulation, they must rapidly adjust to the outside world, even though no miracles are in prospect and "sacrifices" are required from all.

By the Government's lights, the country's drift towards the status of a backwater has been halted. In Mr Douglas's view: "The fiscal deficit is back on the rails. The need for massive overseas borrowing has been halted. We have got control of the money supply. The conditions have been created for lower inflation and faster, more lasting economic growth."



Yet a great many things must go right for Labour if it is not to be summarily dismissed at the next election, for there are few issues (other than nuclear politics and French bombing) to distract New Zealanders from the simple arithmetic of supermarket prices, mortgage rates, pay slips and weekend rugby scores.

A Government Minister, Mr Richard Prebble, has said that the 15.5 per cent pay deal with the electricians was higher than wanted, and should be regarded as an upper limit. Earlier, there had been signs of nervousness in the Beehive, and a buzz of intimations that the Government was readying to intervene in the electricians' negotiations, with talk of special regulations under the Economic Stabilisation Act.

Some pay claims may well be settled at half the electricians' rate. Overall, the New Zealand Institute of Economic Research (NZIER) is predicting average settlements in the current pay round of about 13 per cent.

Mr Len Bayliss, a Wellington economist, says that tough monetary and fiscal policies combined with competitive market conditions will make it harder for companies to raise prices than has been the case over the last year.

"Hence wage increases will have to be financed out of profits or from increased efficiency and productivity," he says. "When higher wage, interest and other costs are added to increased taxes, and flat or declining sales, the outlook for business profits is poor — certainly in comparison with the last two years. Nevertheless, business has shown considerable resilience."

Recently, the NZ$ has appreciated quite sharply against the yen, the A$, the U.S.$, and against its trade-weighted index. The strength was seen as an adjustment based primarily on interest rate differentials, underpinned by the generally positive view abroad of Labour's policy course.

NZIER says, however, that the temporary "overshooting" of the exchange rate offers small respite for cost pressures, with the inflation rate for the year to next March predicted at 13.9 per cent, compared with 16.6 per cent for the year to June 1985.

The movement in the consumer price index for the latest quarter (end-September) is expected to be below 3 per cent against the June quarter's record 5.1 per cent. (Mr Lange has said he would transfer himself to London as High Commissioner if the September figure showed no improvement on June's).

Other forecasts by the NZIER indicate some of the strains. For example, it is forecasting a Government budget deficit of about NZ$1.5bn (£587m) (3.3 per cent of GDP) in 1985-86, a little higher than the Government had expected.

At the same time, the balance of payments deficit on current account in 1985-86 will be nothing like last year's NZ$2.7bn, but is still expected to exceed NZ$2bn (over 4 per cent of GDP), with the terms of trade continuing to decline.

"Admittedly, much of the deficit is a result of investment sucking in imports, including NZ$400m-worth of Boeing aircraft for Air New Zealand," says the institute.

Real GDP growth in 1985-86 is expected to be about 0.5 per cent, against 1 per cent next year and 6 per cent last.

"Overall," says the NZIER, "a 7.5 per cent fall in 1986-87 would not be surprising, following growth of 4 per cent in 1984-85 and 0.5 per cent this year."

The Government is still whistling an omptimistic tune, though Mr Douglas admits that the decisiveness of Labour's actions since sweeping the former Muldoon Government aside has "raised the question of the appropriate speed of adjustment." That is putting it mildly, for New Zealanders, even more than Australians, are both parochial and conservative.

In Wellington, I was told: "There are two distinct camps. Those over 50 have seen very hard times before, and are exceptionally wary of what Labour is doing. Those under 50 think it's marvellous."

Yet reservations are starting to be expressed, and not only by Opposition remnants of the Muldoon Government. Prof. John Roberts, of Wellington's Victoria University, says that "as far as the public can see, the present Government, after a massive push to engage the unions in their strategy at the economic summit (staged soon after Labour won power), has since pursued a policy of masterly inactivity.

"Few signals emerge from the Beehive, and it appears that Labour wants the market to predominate. The previous Prime Minister, drawing upon his tempestuous experience, is certain that the unions will roll the Government down in a series of fatally inflationary settlements."

In a speech to an offshore borrowing conference in Auckland in July, Mr Douglas cited some of the plus-points that are invariably quoted in New Zealand's favour. They included its political and social stability, its well-travelled workforce, its substantial energy resources in relation to population size, and —curiously—its geographical position "on the doorway to the Australian and Pacific market, and to the markets of the rapidly-growing countries of the northern Pacific rim."

That is a uniquely local view of things, for there is nothing to New Zealand's south but plankton and ice. Yet from Wellington's perspective, as well as Mr Lange's, there is nowhere to go but up.

Nakasone calls for 'sound nationalism'

By Jurek Martin in Tokyo

IN A rare public exposition of his political philosophy, Mr Yasuhiro Nakasone, Japan's Prime Minister, yesterday declared that the country needed what he called a "sound nationalism" built on democratic foundations in order to further national confidence.

He did so in the course of answering questions following a luncheon speech, delivered in English, in which he had warned that protectionism was "a plague which, if let loose, will cripple all our economies" but that Japan "will do what it must" to help solve trade problems.

Mr Nakasone's critics, in and out of Japan, have charged that throughout his long political career, he has wanted to modify the post-war constitution, which renounces all except a defensive military posture. Recently, there were demonstrations in Peking against his visit to a Tokyo shrine which honours Japanese war dead.

Yesterday, Mr Nakasone categorically stated his belief that "Japan" had caused a war which brought disaster on itself and on its neighbours." Japan's pre-war "morality," he said, was "shortsighted."

On other matters, Mr Nakasone, whose appearance was in part a dry run for his visit to the U.S. and speech to the UN in two weeks' time, suggested

- that he had detected "a lull" in the protectionist mood in the U.S. at present which he hoped would endure. He promised maximum support for the Reagan Administration's stance against protectionism but disclosed no details of any new economic initiatives to be unveiled before he leaves for Washington;
- that Japan, Europe and the U.S. had to think in the longer term about the structure of their economic relationship. The Group of Five finance ministers agreement in New York on September 22 was a step in the right direction of better economic fundamentals;
- Japan had taken no decision yet on whether or not to participate in the U.S. Strategic Defence Initiative. But he said it was impossible to deny that SDI was "a political bargaining chip" in arms control negotiations with the Soviet Union.

IMF ANNUAL MEETING

$2.7bn to be set aside to assist troubled debtors

BY STEWART FLEMING IN SEOUL

THE International Monetary Fund's (IMF) policy-making Interim Committee has approved proposals to funnel some $2.7bn of repayments to its Trust Fund to hard-pressed mainly sub-Saharan African countries which might otherwise default on loans from the monetary agency.

But the committee did not endorse proposals which the U.S. put to the IMF board last month suggesting that countries borrowing from the Trust Fund undertake economic adjustment and reform programmes negotiated jointly by the IMF and the World Bank.

Officials said developing countries objected to such joint IMF-World Bank arrangements on the grounds that they would result in doubly onerous "cross conditionality" in the lending terms, while some industrial countries argued it would be a mistake to begin to confuse the distinct roles of the IMF and the World Bank in this way.

The committee also left open the possibility that the $2.7bn of Trust Fund loans "might be supplemented with funds from other sources," suggesting that U.S. proposals that efforts be made to put together a $5bn package for the region were not acceptable. Mr James Baker, the U.S. Treasury Secretary, told the committee the U.S. would consider a "bolder approach" aimed at providing more money for the region if "more intensive IMF and World Bank collaboration"—code words for tougher lending conditions—could be agreed.

The rejection of the comprehensive approach the U.S. proposed for recycling the Trust Fund repayments came as the Interim Committee reluctantly bowed to U.S. pressure to cut, albeit modestly, limits on IMF members' annual and cumulative access to its resources. As expected the committee also rejected developing country calls for a new issue of Special Drawing Rights (SDR's), IMF created reserve assets.

Several European industrial countries, including the UK had argued that moves to reduce access to IMF resources when developing countries were facing deepining economic difficulties, sent the wrong, unsympathetic, signal to the Third World at a time when neither IMF liquidity requirements, not the use being made of IMF resources, required such a step.

At a press briefing following the Interim Committee meeting yesterday, M Jacques de Larosiere, the IMF Managing Director, denied that proposals to increase the role of the World Bank in the debt crisis could tend to undermine the ability of the IMF to enforce the conditions it attaches to its loans.

Argentina plays down embarrassing loan delay

BY OUR EUROMARKETS CORRESPONDENT

ARGENTINA and its leading creditor banks are trying to play down embarrassing disclosures here that the recent $4.2bn (£3.6bn) loan for Argentina was nearly scuppered at the last minute by a refusal of Bankers Trust, a major U.S. bank, to participate.

There has been no official confirmation, but top officials now freely admit in private that Bankers Trust threatened not to sign the credit because of objections to a plan for foreign bank creditors to inject new capital into the ailing Banco d'Italia y Rio de la Plata.

A way round the problem had to be found at the last minute resulting in a hitherto unexplained five and a half hour delay in last August's signing ceremony while Bankers Trust was persuadad to change its mind.

No one is yet prepared to talk in detail about this compromise. Instead top bankers say such problems are almost routine in rescheduling exercises and usually get ironed out.

International Monetary Fund Annual Meeting

Earthquake bill may top $5bn

THE EVENTUAL cost of the damage caused by last month's earthquakes in Mexico may exceed $5bn (£3.6bn) according to one estimate from a senior official, writes David Gardner in Mexico City.

Sr Francisco Suarez Davila, the deputy Treasury Minister, believes that total extra expenditure as a result of the two quakes will be in the region of pesos 1.5 trillion-2 trillion (million million). This is equivalent to $5bn-$6.5bn at the "controlled" peso rate against the dollar.

More modest estimates of pesos 1 trillion were disclosed to creditor nations yesterday at the IMF-World Bank annual meeting in Seoul.

In peso terms, a reconstruction bill of this magnitude is roughly equivalent to one-tenth of this year's budget and double this year's three rounds of public spending cuts totalling pesos 850bn. It also amounts to between 3 and 4 per cent of Mexico's GDP.

Mr John Gavin, the U.S. ambassador had estimated reconstruction costs at $2½bn-$3½bn. Mexican employers' organisations put the cost at around $5bn, but one of them adds a further haemorrhage this year and next of $1bn in lost tourism revenue.

Sr Suarez Davila, in an interview this week, said the government's decision to push hard for decentralisation of the bureaucracy and state industry away from the capital after the earthquake will add substantial relocation costs to reconstruction.

Sr Suarez Davila also said reconstruction would see a much faster rationalisation of public sector enterprises.

Peter Montagnon explains a new approach to financing by a leading world debtor

Mexicans look for an easier way out

VOLUNTARY with a push. That is how Mexican officials in Seoul are describing their new approach to raising just over $3bn from international credit and bond markets to meet their foreign finance needs for 1986.

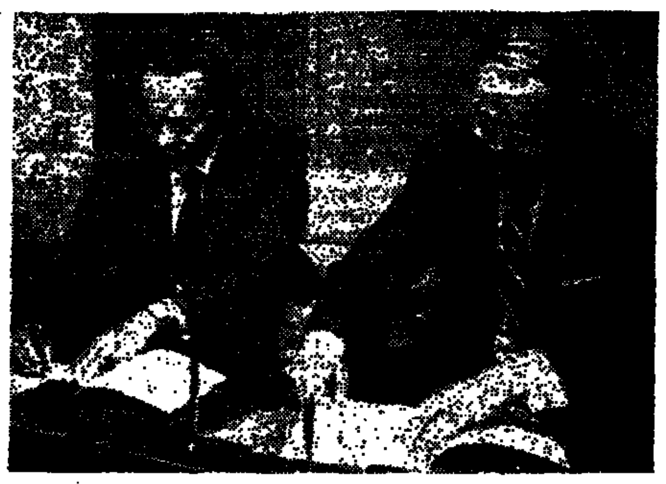
The approach marks a radical departure from the so-called forced lending which has now become the orthodox way for a debtor country to raise funds on private markets. Under this system the International Monetary Fund (IMF) compelled everybody to join in; the new approach there will be less compulsion and hopefully a bit more incentive.

Even with the new initiative on debt due to be unveiled this morning by Mr James Baker, the U.S. Treasury Secretary, most bankers consider that the task of implementing Mexico's new approach may prove difficult.

If it works, the hassle of persuading myriad reluctant smaller creditors to join in the new loans will be over. They will be permitted a graceful exit leaving Mexico's future financing needs firmly in the hands of the core group of perhaps 100 banks who are firmly committed.

Top U.S. bankers believe this speedier and simpler approach forms one strand of the new Baker initiative, but in the rumour mills of Seoul's Hilton Hotel where the IMF meeting is taking place, it has already become a controversial idea among European bankers.

"I am not ready for that yet," said the general manager of one big Swiss bank who wants to stick firmly to the principle that all creditors should shoulder the burden, regardless of the stress and effort this causes." It took five months to persuade London and continental bankers to join Mexico's latest rescheduling package.



Sr Silva Herzog, Mexican Finance Minister (left) and A W Clausen, World Bank President in Seoul signing a loan agreement of $225m to be used largely for small industry

No one here can forecast the precise tactics Mexico will use until after the Baker initiative is announced and digested, but two points are already abundantly clear. One is that Mexico's deal will prove the first major test of the effectiveness of the initiative in mobilising large new loans of funds to the developing world. The other is that Mexico intends to provide a big carrot to the banks by introducing a strong involvement of the World Bank and Inter-American Development Bank.

Already it has begun discussing a $1bn co-financing scheme with the World Bank to provide a large slug of the money it needs. None of this will ever see the light of day, however, if Mexico fails to reach a new agreement with the IMF an economic programme to stabilise its economy and reduce inflation. Such an agreement should preferably last for a period of at least 18 months, rather than the 12 to 15 months proposed by the Mexicans, bankers say.

Sr Jesus Silva Herzog, Finance Minister, has told senior bankers here privately that he hopes to reach an IMF agreement shortly after next year's budget is presented to the Mexican congress on November 20.

HOW MEXICO WILL MEET ITS FINANCE NEEDS IN 1986

Source	Gross borrowing	Net borrowing
Banks	2,750	2,500
World Bank and IADB	1,200	783
Bilateral govt. and supplier credit	1,000	456
Commodity credit cpn. (U.S. Govt.)	1,000	493
Bond issues	300	−187
IMF	900	775
Total	7,150	4,280

Source: Mexican Finance Ministry.

Mexico fell out of compliance with this year's IMF programme because of its failure to meet a 4 per cent target for this year's budget deficit which looks likely to double to around 8 per cent of GDP. One problem it is now facing is where to find further cuts as an increasing portion of Government spending is taken up with irreduceable interest charges on its domestic and foreign debt.

Another difficulty raised by the banking community is capital flight. Mexico lost about $4bn earlier this year ahead of the recent elections as money left the country because the exchange rate was too high.

Creditor banks resent the way in which some of the money they have lent in the past ends up back with them in personal deposit accounts held by high ranking Mexicans.

But devaluing the peso and cutting the budget deficit is a political hot potato in Mexico, particularly if it is done at the behest of the IMF. The fund leaked its policy differences with the government of President Miguel de la Madrid on the same day as the first of last month's two earthquakes devastated parts of Mexico City.

The hope in the banking community is that concern over the oil price—hydrocarbon and derivative export earnings are now officially forecast to run at $1.8bn below this year's target of $15.8bn, and Mexico's own worry about declining foreign exchange reserves, expected to end the year at just $4.1bn, will prompt it to put its house in order. Without that willingness, there is no hope that even forced loans would work.

The background to Mexico's plight is a sorry tale of missed targets in figures presented to commercial banks this week. Non-oil export earnings for 1985 are likely to miss by $1.1bn earlier estimates of $8.6bn. The current account of the balance of payments will be in deficit by $500m instead of a surplus of $2.5bn.

A new IMF agreement would provide Mexico with its best chance of a fresh start, especially if it also yields to the demands to open up its economy to more foreign investment, bankers say.

Despite the Government's public hostility towards fresh austerity, they say that privately it agrees with them. Sr Silva Herzog looks on this as a chance to redeem the situation," said one leading creditor.

Banks refuse Brazil rescheduling without IMF deal

BY PETER MONTAGNON

TOP BANK creditors have told Sr Dilson Funaro, Brazil's Finance Minister, that they cannot agree to a multi-year debt rescheduling unless his country first adopts a formal International Monetary Fund (IMF) adjustment programme.

Sr Funaro has been dropping scarcely-veiled hints at the IMF annual meeting here that he hoped for an arrangement restricting IMF involvement to simple monitoring of its economy because of the country's huge trade surplus now reckoned to reach $13bn (£9.3bn) in 1985.

"A country that has normally had a trade deficit of $6bn and changes in three years to a surplus of $13bn has already proved something," Sr Funaro told a press conference yesterday. His estimate raises Brazil's forecast of its trade surplus by $1bn from $12bn.

Talks between Brazil and its bank creditors this week have, thus, reaffirmed the gulf that exists between the two sides.

Bankers are worried about Brazil's inflation, saying the economy is now overheating.

Private estimates, including that from Brazil's Getulio Vargas foundation, put this year's growth closer to 8 per cent rather than the more modest 5-6 per cent claimed by the Government, they say.

Although Brazil needs no fresh loans from them because of its trade performance, they believe they still have considerable leverage to persuade it to reach a rescheduling agreement backed up by an IMF programme.

Paradoxically Brazil's failure to reach such an agreement is costing it about $500m a year because of the lower interest charge applying to rescheduled debt, they said.

More important is Brazil's reliance on $6bn in working capital provided through credit lines in the international interbank market. Without this money Brazil could not function on a day-to-day basis.

Brazil recently asked bank creditors to extend the availability of these lines and about $10bn in short-term trade credit until January 17, and acceptances have been received in respect of 85 per cent of the total.

But the acceptances are conditional on all creditors agreeing and without an IMF agreement there remains a risk that the money would evaporate.

At his Press conference yesterday Sr Funaro reverted repeatedly to Brazil's need to ensure economic growth. He said he would present an economic plan to the IMF in November which would reflect this need.

"We would like to have an agreement with the IMF on our own conditions. Too many people talk about letters of intent. Letters of bad intent give us a bad sensation," he said.

AMERICAN NEWS

Nicky Kelly in Nassau reports on preparations for the Commonwealth conference

Pindling burnishes image after drugs inquiry

THOUSANDS of Bahamian children returning to school this autumn were met by a shortage of classrooms, vandalised and dilapidated school buildings and toilet facilities that did not work.

Conditions, never the best, were worse than usual because millions of dollars needed for school repairs had been diverted into preparations for this month's meeting of Commonwealth leaders in Nassau.

Originally budgeted at $5m, the cost to the Bahamas of hosting the conference is expected to be closer to $50m, as the Government of Prime Minister Sir Lynden Pindling works feverishly to rehabilitate this once attractive city after years of neglect.

Sir Lynden's political opponents claim he intends using the conference to improve his image abroad. A year ago, few would have bet on his chances at home after a commission inquiry revealed that some of his closest associates, including two Cabinet Ministers, were involved with drug traffickers and that he himself received millions of dollars from foreign interests in the Bahamas.

Not only has Sir Lynden survived the commission's findings, he remains firmly in control of the governing Progressive Liberal Party. Dissenters who, like Mr Hubert Ingraham, the former Minister of housing, dared speak out against corruption and demand that the wrongdoers be made accountable, have been threatened with disciplinary action should they continue to do so. Mr Ingraham has been denied the opportunity to run again as a PLP candidate in the next general election.

The Prime Minister has managed to retain the party's confidence because in the 30 years he has headed the PLP no challenger has emerged to match his emotional appeal for the party's grass roots.

In one generation they have seen political power transferred to the black majority and their children become part of a rapidly expanding black middle class. Like the white minority, which has continued to prosper under the FLP, affluent blacks are equally reluctant to upset the *status quo*.

Since the commission ended last July, Sir Lynden has moved swiftly to reinforce his support among these groups by naming himself Minister of Finance in place of Mr Arthur Hanna. Mr Hanna resigned last October after failing to convince the Prime Minister he should step down in light of the commission's findings.

Sir Lynden Pindling (above left), now Finance Minister as well as Prime Minister after the resignation of Mr Arthur Hanna (above right)

During his 11 years in office Mr Hanna was frequently accused of frustrating national development through his ministry's bureaucratic mishandling of investor applications. Thus, while many businessmen sympathised with Mr Hanna's reasons for resigning, few were sorry to see him go.

In the past year, at least six multi-million-dollar projects, including a $15m brewery, have been announced, and the Prime Minister could speak confidently of being "in constant dialogue" with the business community.

His efforts to boost the economy have been aided by a sharp improvement in the tourist industry after years of stagnation. "Today the Bahamas is at its brightest economic point in years, and our economy is growing by leaps and bounds," Sir Lynden boasted at a recent PLP meeting.

He has repeated that message in whirlwind tours of the less-developed outer islands, few of which have seen any improvements during the 18 years the PLP has been in office. Many settlements still have no electricity or running water, while roads, docks and airports essential to development have been allowed to fall into serious disrepair.

In August the Ministry of Works awarded contracts totalling $3.7m for the reconstruction of 69 miles of road in six islands. The Free National Movement, the PLP's opposition in parliament, called the gesture "another empty promise" to bolster the Prime Minister's election prospects.

Nonetheless, the FNM has made little headway in winning support away from the PLP. Part of the difficulty is the apparent schism in the party. The public perception is that while Mr Kendal Isaacs may be the head of the FNM in name, it is Mr Cecil Whitfield who calls the shots.

Generally regarded as a hothead given to sometimes interperate language, Mr Whitfield shocked many people when he recently urged the FNM to greater militancy declaring: "Whatever it takes to get rid of Lynden Pindling, we will do it."

There are those in the PLP however who are deeply concerned by recent developments within the party. They see the stifling of legitimate dissent as a dangerous precedent, particularly where it involves the integrity of the Government.

Observed PLP representative Mr Sinclair Outten: "Nowhere in the free world do I know of any parliamentarian being censured for speaking out on matters of corruption."

Hopes rise on C. America treaty

BY HUGH O'SHAUGHNESSY

HOPES for an end to the Central American crisis rose yesterday as deputy foreign ministers from the five Central American countries gathered for a two-day meeting in Panama with their counterparts from the four Contadora group countries to discuss the second draft of a regional peace treaty prepared by the group.

Sr Sergio Ramirez, Vice-President of Nicaragua, announced in Colombia last week that his country was ready to sign a regional treaty but charged that "there is a danger that the U.S. will boycott the treaty to keep negotiations from coming to a successful conclusion."

The representatives of the four Contadora powers, Mexico, Panama, Colombia and Venezuela, are pressing the five Central American governments to accept the second draft of the treaty within 45 days.

The first draft of the treaty was presented by the Contadora powers to the Central Americans in September of last year, but rejected by El Salvador, Honduras and Costa Rica who argued that the arms control provisions were too weak.

Their arguments were backed by the U.S. Administration and other Western powers, including Britain. The Salvadorean, Honduran and Costa Rican foreign ministers discussed the new draft with Mr George Shultz, U.S. Secretary of State, last month at the United Nations and so far have not voiced any major objection to it.

The new document calls for an international corps of inspectors from four neutral states to monitor arms levels and military activity in the region.

It also pledges the signatories to respect human rights and political pluralism, stipulations which will clearly cause difficulties for several governments, notably that of Guatemala.

Though the Contadora negotiators are presenting their second draft treaty as the "make or break" point for the peace process it is believed that they will continue their efforts even if the second draft is rejected.

Banks' role in steel group talks attacked

By Paul Taylor in New York

THE UNITED Steelworkers of America yesterday took out full-page advertisements in the U.S. business press attacking the role of the banks in negotiations over the future of financially troubled Wheeling-Pittsburgh Steel which filed for chapter 11 bankruptcy protection in April.

With new negotiations aimed at ending the 11-week-old strike by 8,500 steelworkers at Wheeling-Pittsburgh, the nation's seventh largest steelmaker, entering a crucial stage, the union called on the steel group's creditor banks to play "their part" in a rescue plan.

The union claimed in its advert that the steel group's bank creditors are demanding "special treatment" while threatening to liquidate the company.

"The most modern steel mills in America won't run again without co-operation and fair play from the banks," the union advert says.

The union, which re-started negotiations with the steel group last week after Mr Allen Paulson, Wheeling-Pittsburgh's largest shareholder, took control of the company and appointed a new management team, is resisting company attempts to reduce wages and cut pension benefits.

Wheeling-Pittsburgh has over $500m in long-term debt, including almost $300m which is owed to a group of banks led by Manufacturers Hanover.

Union and company negotiators are seeking to complete negotiations by the weekend in an attempt to end the strike and avoid possible liquidation of the company.

Aside from further wage reductions being sought by the company the other main sticking point is believed to be the company's proposal to restructure its already underfunded pension plan—a move which is understood to be being strongly urged by the banks.

The company has proposed a total wage and benefits package of $16.55 an hour, down from $21.40 an hour before the strike.

U.S. farm credit bank system set to lose $2.6bn

BY WILLIAM HALL IN NEW YORK

THE TROUBLED U.S. farm credit bank system, which is seeking Government help to overcome heavy loan losses, is expected to lose $2.6bn (£1.9bn) over the next twelve months. The losses could be considerably larger if the farmer-owned co-operative banking system adopted the same loan loss rules as commercial banks.

The latest estimates of the scale of the losses of the troubled U.S. farm credit bank system are contained in a study by the General Accounting Office (GAO), a U.S. congressional watchdog agency. They are considerably higher than earlier estimates and underline the scale of the financial problems facing the federally sponsored agency which accounts for more than a third of all U.S. farm lending.

Less than a month ago the U.S. farm credit system itself had forecast that it would lose between $350m and $400m in the current year.

If the *farm credit system's* losses approach the Gao estimates it will be far and away the biggest loss by a U.S. financial institution. Until now this dubious record has been held by Continental Illinois, the big Chicago bank which lost $1.1bn in 1984, and had to be bailed out by the U.S. Government.

The 50-page Gao report *'A preliminary analysis of the financial condition of the farm credit system'* — concludes that the continued viability of the system depends on whether the trend of growing losses can be reversed over the relatively near-term and it says that "there is little to indicate that this will occur."

The Gao says there has been a "dramatic deterioration" in the farm credit system's loan portfolio in the first half of 1985 and as a result it believes that loan losses will significantly increase over the coming year. It estimates that the system's problem loans will triple to $6.1bn over the next year.

Last month Mr Peter J. Carney, president of the Federal Farm Credit Banks funding corporation, said that at the end of June 1985, the system had $745m in loan loss reserves as well as capital of $5bn and surplus of $4.2bn.

He said that it was not possible to accurately forecast how much of the system's total loans were uncollectable, but described as inaccurate suggestions that 15 per cent of the system's $74bn in loans were uncollectable.

At the end of June the system had $2bn of non-accrual loans, or less than 3 per cent of the total. These are loans on which interest is no longer being accrued because collectability of future interest is uncertain.

Jamaican economy 'may contract by up to 6%'

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN economy may contract by as much as 6 per cent this year, the island's Planning Institute has forecast. The institute said this would force the Government into increased austerity, including reduced imports and further cuts in government expenditure.

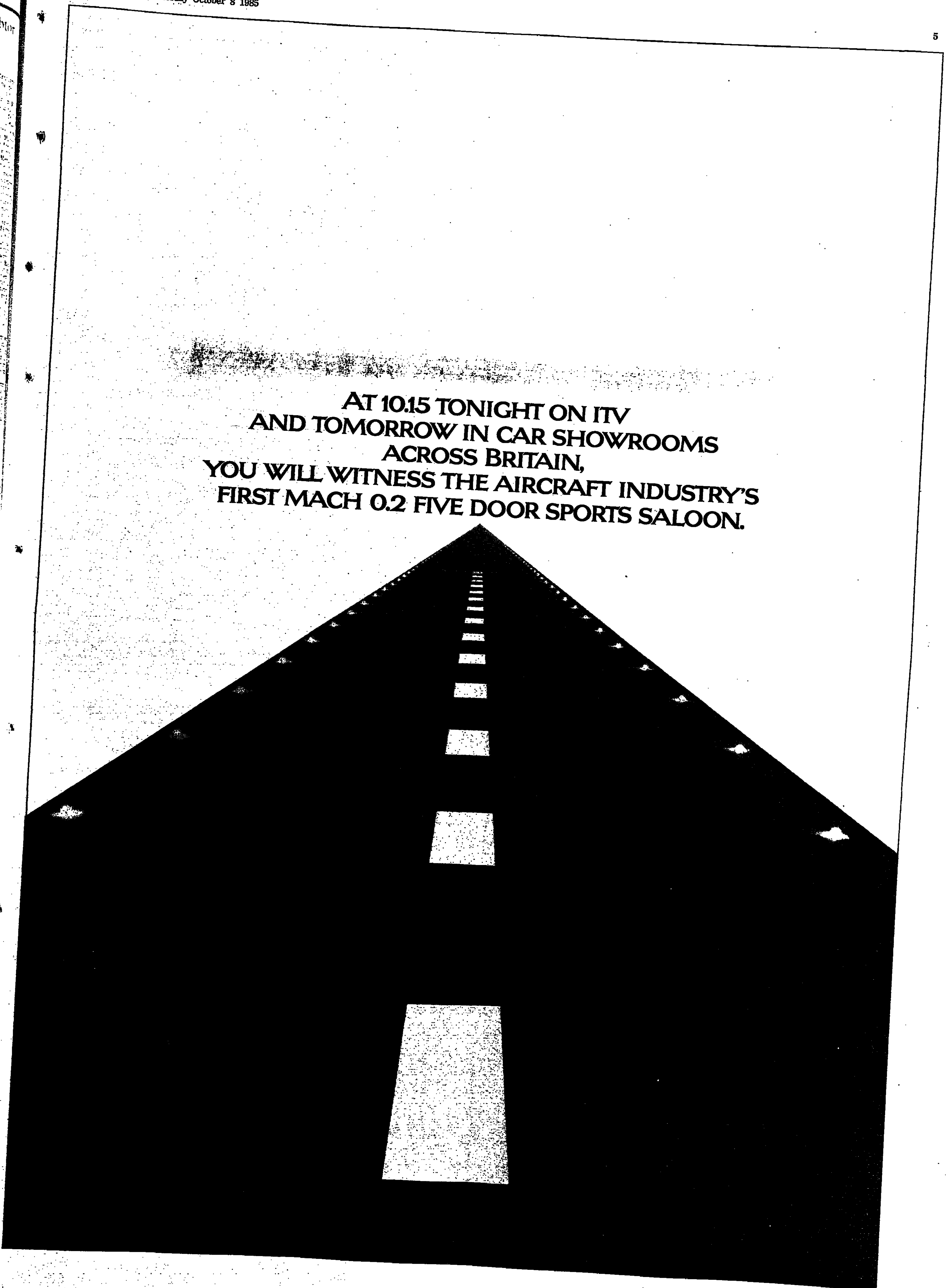
The island's economy grew by 0.3 per cent last year, and in December Dr Headley Brown, director of the Planning Institute, forecast growth of more than 2 per cent for 1985.

The latest report said the revised forecast was based on a decline in tourism, a fall in world aluminium prices and a severe drought earlier this year which depressed agricultural output.

"Indications are that a somewhat higher fall in real terms might be experienced — ranging from minus 3 per cent to minus 6 per cent — if budget and balance of payments are to be met."

The Government has been cutting back on expenditure over the last two years to meet its obligations to the International Monetary Fund. The fiscal deficit was reduced last year to 6.8 per cent of GDP, from 17 per cent in 1983.

The target for this year is a fiscal deficit of 2 per cent.


AT 10.15 TONIGHT ON ITV
AND TOMORROW IN CAR SHOWROOMS
ACROSS BRITAIN,
YOU WILL WITNESS THE AIRCRAFT INDUSTRY'S
FIRST MACH 0.2 FIVE DOOR SPORTS SALOON.

Brother moves to offset EEC anti-dumping duties

BY JOHN DAVIES IN FRANKFURT

THE BROTHER manufacturing group of Japan, which has been hit by the European Community's anti-dumping duties on Japanese electronic typewriters, is looking to computer printers, microwave ovens and sewing machines to provide the strongest impetus in its important West German market in the next 12 months.

This is because Brother is still in the process of building up the volume and range of electronic typewriter production at its newly established factory at Wrexham in Wales.

The factory, with capacity to produce up to 240,000 electronic typewriters a year, is an attempt to get around the challenge of the high duties which the EEC has imposed at the request of European manufacturers.

Herr Rudloff, managing director of Brother International, the company's West German subsidiary, said that typewriters accounted for 75 per cent of its sales revenue in 1983-84, but might make up only 55 per cent in the next 12 months.

He said that as a result of the EEC duties, Brother International had hardly any growth in sales revenue in its financial year ended last month, after growth of as much as 40 per cent the previous financial year.

But he thought sales revenue could grow by 10 per cent to 20 per cent in the next 12 months, with computer printers, microwave ovens and sewing machines imported from Japan contributing more than proportionately to the expansion.

The company has particularly high hopes of boosting sales of microwave ovens as the West German market has been lagging behind the UK and the U.S.

Last year West Germans bought a total of 200,000 microwave ovens, compared with as many as 1m in the UK and 10m in the U.S.

Herr Rudloff said that once the Wrexham plant reached full-scale production about mid-1986, electronic typewriters should again provide strong impetus to Brother's sales in EEC countries.

It was expected that about 40 per cent of the Wrexham production would be marketed in West Germany.

Brother now has about 10 per cent of the total West German typewriter market. Before the dumping duties were imposed it had about 15 per cent.

● Japanese motorcycle exports are expected to top more than 4m units this year for the first annual rise in three years, agencies report.

Industry officials said the recovery has been largely due to higher shipments to the U.S. and a five-fold increase to China.

Exports peaked in 1981 at 5.53m and dropped 13.5 per cent in 1982 to 4.78m. In 1983 they declined 17.8 per cent to 3.93m

W. German ships group to pull out of Pacific

By Andrew Fisher, Shipping Correspondent

HAPAG-LLOYD, the West German shipping company, is to pull out of the Pacific container market at the end of this year as a result of slackening trade and falling freight rates.

The company, with five chartered ships on the route which is the busiest for container shipping in the world, said this service was no longer viable because of over-tonnaging and low rates.

The past few years have seen a surge of orders for new vessels on major container routes, notably the Pacific.

Hapag-Lloyd, back in the black after a corporate restructuring which followed heavy losses in the early 1980s, said it saw no improvement on the Pacific routes in the near future.

It has been operating its service jointly with Sea-Land of the U.S. in one of the first rationalisation agreements among major container lines aimed at combatting the growing surplus of tonnage.

The agreement with Sea-Land runs out at the end of the year. The service operates between Hong Kong, Taiwan and Japan and the U.S. ports of Tacoma, Oakland, and Long Beach. Hapag-Lloyd said the Pacific service was its only cross-trade (not involving call at a home port).

David Marsh on the problems facing the exports vetting body

CoCom comes under pressure

TODAY'S meeting of top Western officials at the Paris headquarters of the 15-nation Coordinating Committee for Multinational Export Controls, usually known as CoCom, comes at an important time in the organisation's 36-year-history. CoCom, grouping all Nato members except Iceland, plus Japan, vets Western exports to East bloc nations to make sure that technology cannot be diverted towards improving the Soviet bloc's military effort.

For a mixture of political, economic and technological reasons, CoCom is now coming under a range of conflicting pressures. These are combining to put a vastly increased workload on CoCom's small full-time secretariat housed in a cramped annexe of the U.S. embassy in the Rue La Boetie in the 8th arrondissement of Paris.

Mr Richard Perle, the U.S. assistant Defence Secretary for international security policy, who is in Paris for today's meeting, has recently urged an increase in CoCom's shoe-string budget. Even after increases in recent years, the total sum devoted to CoCom is only about $1m a year. Mr Perle, a well-known supporter of more stringent efforts to prevent military technology seeping eastwards, would like to double or triple that sum to make CoCom "more effective."

The other 14 member countries — shortly to be joined by Spain, which has just made its formal application to become a member — are unlikely to accede fully to the U.S. push for more funds and an enlarged headquarters. This is not least because of widespread feeling that CoCom can do its job better by remaining a diplomatic offshoot run according to informal rules rather than by becoming a fully-fledged multinational agency.

Perle: seeks bigger budget

The U.S. has however paid for a batch of Wang word processors which have now been installed at the CoCom headquarters, helping speed up some of the routine administrative and translating tasks.

The CoCom's secretariat's work-load, with about 100 separate western export deals referred to it a week, has risen sharply over the last few years for two reasons. The first is the warmer political climate with China, which has led to a rush of western high technology deals with Peking.

The second is the rapid advance of high technology trade in general. This is making ever more difficult CoCom's efforts at detecting the blurred and fast-moving demarcation lines between civilian and military technology.

To try to cope with the pace of technological change, CoCom next month will start operating a new system under which it will keep its main lists of embargoed products under continuous review. Up to now, the lists have been updated every three years. This process has become too inflexible to allow efficient vetting in fast-moving fields like computers, robots and software.

China is still included in the formal group of countries to which embargo lists apply. (The others are the seven Warsaw Pact members, Vietnam, Mongolia, North Korea and Albania). CoCom has now started work on drawing up separate lists for China setting more generous limits on the products (including arms and civil nuclear equipment) which can be sold to Peking. Work on the first batch of these lists, incorporating what diplomats call the "China differential," will probably be completed next year.

They will pave the way for China to import more sophisticated telecommunications equipment as well as arms such as missiles and torpedoes.

Most of this year's delays faced by western exporters in winning export authorisation to China (criticised above all by U.S. companies) have been caused by the sheer weight of cases coming on to CoCom desks for vetting. But, in a few areas, the U.S. has served notice of misgivings about the sophistication of the technology passing to Peking.

The U.S. insisted on modifications being made in the E10 digital switching telephone exchanges sold to China earlier this year by Alcatel Thomson, part of the French nationalised Compagnie Generale d'Electricite group. (By coincidence, the CGE headquarters are next door to the CoCom offices in the Rue La Boetie).

An order won by another CGE company, Sesa, for a business communications network, has been held up because of American worries about U.S. military potential.

As an indication that it is serious in its stated intention of liberalising Chinese high-tech trade, the U.S. is on the brink of approving the Sesa deal on condition that certain sensitive features are toned down. This decision, made after Sesa officials appeared before a special commission of French and U.S. experts, will be one of the most significant outward signs of the birth of the "China differential."

China 'to be compensated for faulty trucks'

By Robert Thomson in Peking

MITSUBISHI of Japan is to replace 5,824 trucks sold to China under contract late last year following Peking's complaints that the vehicles were defective, the Chinese Government says.

A month ago the People's Daily newspaper highlighted the allegations and demanded that the Japanese company pay compensation. Yesterday, the official news agency, Xinhua, reported that, after "friendly consultantions," Mitsubishi will provide replacements for the FP418 trucks, and "compensate for the economic losses incurred by China in order to safeguard its reputation."

Mitsubishi had sent technicians to China to inspect the trucks after various provincial authorities reported trouble with them.

In one example, officials in the Xinjiang autonomous region found defects in all 31 trucks.

Faults were said to range from fissures in the chassis to cracked windscreen glass and peeling tyres.

Japanese officials here have indicated that the Mitsubishi technicians examined how the trucks had been used by the Chinese.

The Xinhua report said the two sides reached agreement on September 30, with China represented by the China Machinery Import and Export Corporation.

Mitsubishi guaranteed that the new trucks would be high-quality products and would be "manufactured with a new design," the report said. Agreement came after about two weeks of negotiations.

In the weeks before the Mitsubishi case was publicised, the Chinese Press carried numerous stories on problems caused by allegedly shoddy imports, but the Japanese company was the first to be named. The earlier reported had cited problems with everything from Finnish artificial cotton to Japanese cellophane.

Mitsubishi said: "It is true that we are now negotiating with the Chinese side, but we are not in a position yet to make details known."

Trinidad suspends Guyana credit facility

TRINIDAD and Tobago has suspended an oil credit facility to Guyana which has been unable to clear debts of $217m (£155m accumulated during the past two years, writes Canute James in Kingston.

Hungary aims to boost plastics exports

By Margie Lindsay

HUNGARY INTENDS to export more plastics and higher value-added chemical products to the West in the 1986-90 period, and also to import more advanced technology and basic chemical products from the West.

Mr Istvan Kortvelyes, deputy industry minister responsible for chemicals, said the share of Hungarian products for export is not expected to increase by volume, but that Hungary hoped it could increase significantly the value of its chemical exports to the West.

The Hungarian chemicals sector was hoping to reduce its production of high-energy and raw material-based chemicals in favour of higher value-added products, such as certain types of rubber and plastics.

Hungary is looking for possible joint ventures with Western companies

Sharp to make typewriters in U.S. and Britain

BY CARLA RAPOPORT IN TOKYO

SHARP, the Japanese electronics company, has decided to produce electronic typewriters in the U.S. and Britain because of mounting trade friction between Japan and the West.

The company said yesterday that it will probably produce the typewriters in Britain at its videotape recorder plant in Wrexham, North Wales. In the U.S., it will use its microwave and colour television plant in Memphis, Tennessee.

The company does not yet have a timetable for the new investments, but intends to complete these and other details within the next few months.

In June, the EEC imposed anti-dumping tariffs of up to 35 per cent on Japanese electronic typewriters. Further, in the U.S., Japanese companies fear that proposed protectionist legislation may be approved if action to decrease exports is not taken swiftly by major exporters.

Sharp said that its total typewriter shipments to both the U.S. and Europe are about 30,000 units a month, making it the fourth largest Japanese typewriter exporter.

The company says it hopes the new production lines in the U.S. and Britain will eventually replace these exports.

Sharp's move is the latest in a series by Japanese companies aimed at heading off protectionist sentiment in the U.S. and Europe.

Komatsu, the construction machinery maker, last month confirmed it is considering a UK manufacturing site, while Canon has announced plans to boost its overseas production output of office equipment.

HOW ONE DECADE OF COMPETITION HAS BENEFITED LARGE-SCALE COMPUTER SYSTEM USERS.

Ten years of choice

Ten years ago, the Amdahl Corporation delivered *the* world's first large-scale IBM-compatible computer, to NASA in Washington, D.C.

For the previous five years, Amdahl had been developing a product line of systems which would be technologically superior and which would provide more computing power at lower cost.

Ten years ago those objectives were met. The first Amdahl computer, the 470, was half the size of comparable machines. It was more reliable. It was cheaper. And, it introduced concepts such as on-site upgrading, power acceleration and remote diagnostics.

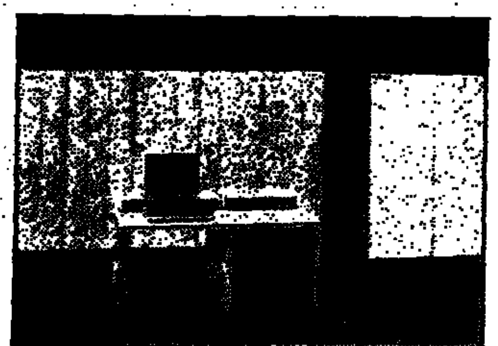
Amdahl's success changed the large-scale computer system marketplace. Previously IBM users had no choice. Now, they could choose to buy a demonstrably better machine, at a lower price.

And they did. Today, Amdahl has over 1,200 systems installed worldwide. Successive generations of products — CPUs, storage devices and communications — continue Amdahl's innovation, reliability and cost effectiveness.

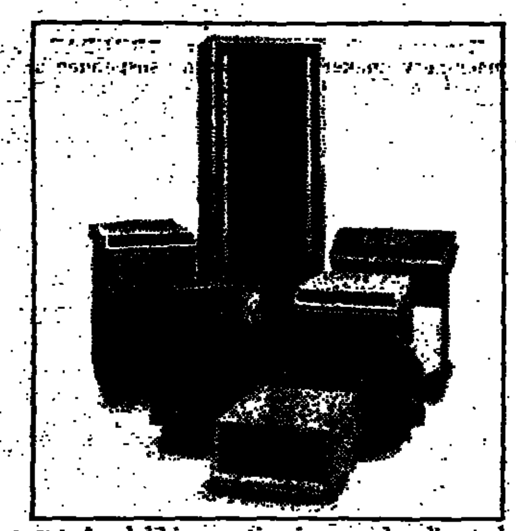
With the strength of Amdahl's financial foundations, an R & D budget at 15% of revenue, a fast-growing customer base, and strategic international business alliances, the choice is clear.

With Amdahl, look forward to the next ten years of choice.

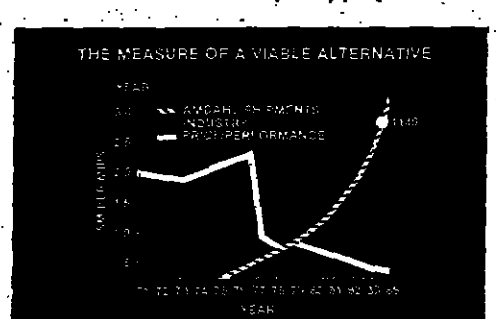
Amdahl employs 7,000 people throughout the world, to develop, build, maintain, install and support over 1,200 large scale computer systems. The largest single group is dedicated to customer engineering and support. Successive independent surveys show Amdahl to be top in customer satisfaction ratings, ahead of all competitors.



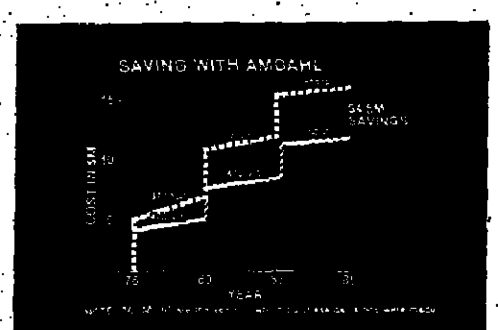
Amdahl systems protect users' strategic investments in operating and application software. The recognised longevity — planned product enhancement, not obsolescence — lowers longer term operating costs, too.



Amdahl innovation is now also directed toward data communications, and large-scale storage systems. All technologically advanced, and highly reliable. All with better price/performance.



In 1975 Amdahl started shipping its innovative new systems. In 1975/76 the cost of data processing power fell by over 50% and by a factor of ten over the past ten years. Cause, and effect, continue, with $800 million of Amdahl systems and services sold in the past year.



Amdahl users make better use of their DP budgets. Buying an Amdahl 470/V6 in 1976, a 470/V8 in 1980 and a 5860 in 1983 would have saved a user $4.5 million at published prices over the period. IBM comparison machines are 370-168, 3033U and 3081K.

Amdahl European headquarters are at Dogmersfield Park, in Hampshire. Here too is the Amdahl remote diagnostic centre, monitoring the hardware and software performance of Amdahl systems throughout Europe.

European Manufacturing: Many systems outside the United States are supplied from Amdahl's Dublin plant which is currently being doubled in size to some 160,000 square feet. The existing 290 strong manufacturing group is being expanded by creating a further 200 jobs over the next three years.

In addition to hardware and support Amdahl offers a range of educational and professional services. Customer training courses and self teaching aids cover the whole range of systems software. Consultancy services can be provided for everything from installation planning to system tuning.

Compatibility plus: Amdahl supports the major system control programs offered by IBM, making enhancements to them as they are introduced. Amdahl's own software products enhance the performance of "industry standard" software, and, by fully supporting AT & T's Unix software for mainframes give large-scale users a choice in operating systems.

If you, and your managers, would like to know more, to help you choose the better alternative in large-scale computer systems, contact in the UK our Managing Director Bryan Little, today.

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TECHNOLOGY

EDITED BY ALAN CANE

Engineers can 'visualise' the flow of fluids through an engine by tracking sub-atomic particles, reports **David Fishlock**

High energy physics sees to the heart of an engineering problem

TWO big British engineering companies are collaborating with university scientists in what they believe is the first application of high energy particle physics to an engineering problem. At a cost of about £1m they have shown how they can illuminate engines with beams which clearly reveal the flow of lubricants and coolants while the engine is running at full speed.

Professor John Walker, head of the department of applied nuclear science at Birmingham University, sees the new engine diagnostics tool as a physicist's solution to an engineering problem. "It is most unlikely that the engineer would think of it," says the professor, who is convinced the idea can be used to investigate many other industrial processes.

The story begins with the advanced projects group of Rolls-Royce at Bristol, led by Peter Stewart, a former rocket engineer. Since 1970 Stewart has been pursuing the goal of making the gas turbine transparent, so that its designer could follow the behaviour of its myriad mating parts as they gain speed.

First the advanced projects group developed ways of X-raying the engine on its test bed, which shows how the rotating parts move as the engine warms up, and how successfully the designer is sealing the engine against unwanted leaks of air or gas.

According to Stewart, the combination of X-radiography and his group's use of photogrammetry to very fine tolerances added 140 hp to the output of Rolls-Royce's Gem helicopter engine, designed originally for 960 hp.

Next the group developed ways of using neutrons from a research reactor at Harwell to photograph the engine and reveal non-metallic parts including the way the vital oil coolant and lubricant systems behave. Neutron radiographs of a running Gem engine showed that an oil jet designed to lubricate gears was in fact being blown aside by the breeze created as the gears spun. Others disclosed bubbles and "holes" at critical points where designers had assumed that the system was filled with oil.

The disadvantage of neutron radiography is that it needs a nuclear reactor to generate enough neutrons. Rolls-Royce needed a "camera" compact enough to move between the test-beds of Bristol, Derby, Leavesden — wherever its various aero-engines were being developed.

In 1979, Peter Stewart invited Dr Mike Hawkesworth of Birmingham University, Britain's foremost authority on neutron radiography, to think of a new way of "visualising" the flow of the oil and air in an engine.

Dr Hawkesworth's answer was PET, positron emission tomography, a new technique born of high energy particle physics which was beginning to excite medical scientists as a non-invassive way of investigating the human bod.

In 1981 the Science and Engineering Research Council awarded what was then the biggest grant it had ever made under its co-operative research grants scheme to encourage academic-industrial collaboration and technology transfer. Partners in the collaboration were Rolls-Royce and Burmah Castrol (the specialists in "liquid engineering"), Birmingham University, and the SERC's Rutherford Appleton Laboratory. Between them, the partners put up £750,000 for the research.

So commercially important was the technique to Rolls-Royce that they all agreed to give the project the anodyne title of "fluid flow tracing using radio-isotopes," to put industrial competitors off the scent.

How PET uses the radio-isotopes is described in the accompanying box. The Rutherford Appleton Laboratory was commissioned to build a bigger version of the multiwire proportional counters — the detectors required for the imaging system — than they had ever attempted for the physicists before. These were to be 60 cm by 30 cm of active area, compared with only 30 cm by 30 cm, the biggest then being used. This contract for the "camera head" alone was worth £167,000.

The complete PET camera consists of the pair of sensors plus the computing and image processing capacity needed to generate vivid colour images of the flows. Like the medical scanners, PET electronics can "slice" their way through an engine in any direction, displaying each section in turn, for the designer to pinpoint the feature of interest and freeze it on his screen.

The source of the positrons — positive electrons — is a short-lived radio-isotope such as gallium-68, rubidium-82 or fluorine-18. Dissolved in parafin, the isotope can readily be dispersed to activate the fluid system without changing any other characteristics. Alternatively, it can be inserted as a point source of positrons.

Burmah Castrol is using PET at its laboratories by the Thames at Pangbourne to follow the lubrication of reciprocating engines. It has embarked on a programme to investigate its value in diagnosing such troubles as flow splitting, oil stagnation, and foaming in lubricating and cooling engines and bearings. In the PET images, metal parts are invisible and only the fluids appear on the screen as coloured images which vividly reveal the density as well as the presence of oil.

But it is the gas turbine which presents the toughest problems for PET, says Dr Hawkesworth, because everything happens at such high speed. The Gem engine they are investigating at Birmingham runs at up to 27,000 rev/min. Its bearings are much more complex than those of a reciprocating engine, partly to counter the high centrifugal forces which strive to displace the oil.

But for Peter Stewart the big incentive is to cut the oil inventory of an aero-engine — and hence its weight — by using the oil more efficiently to lubricate and cool.

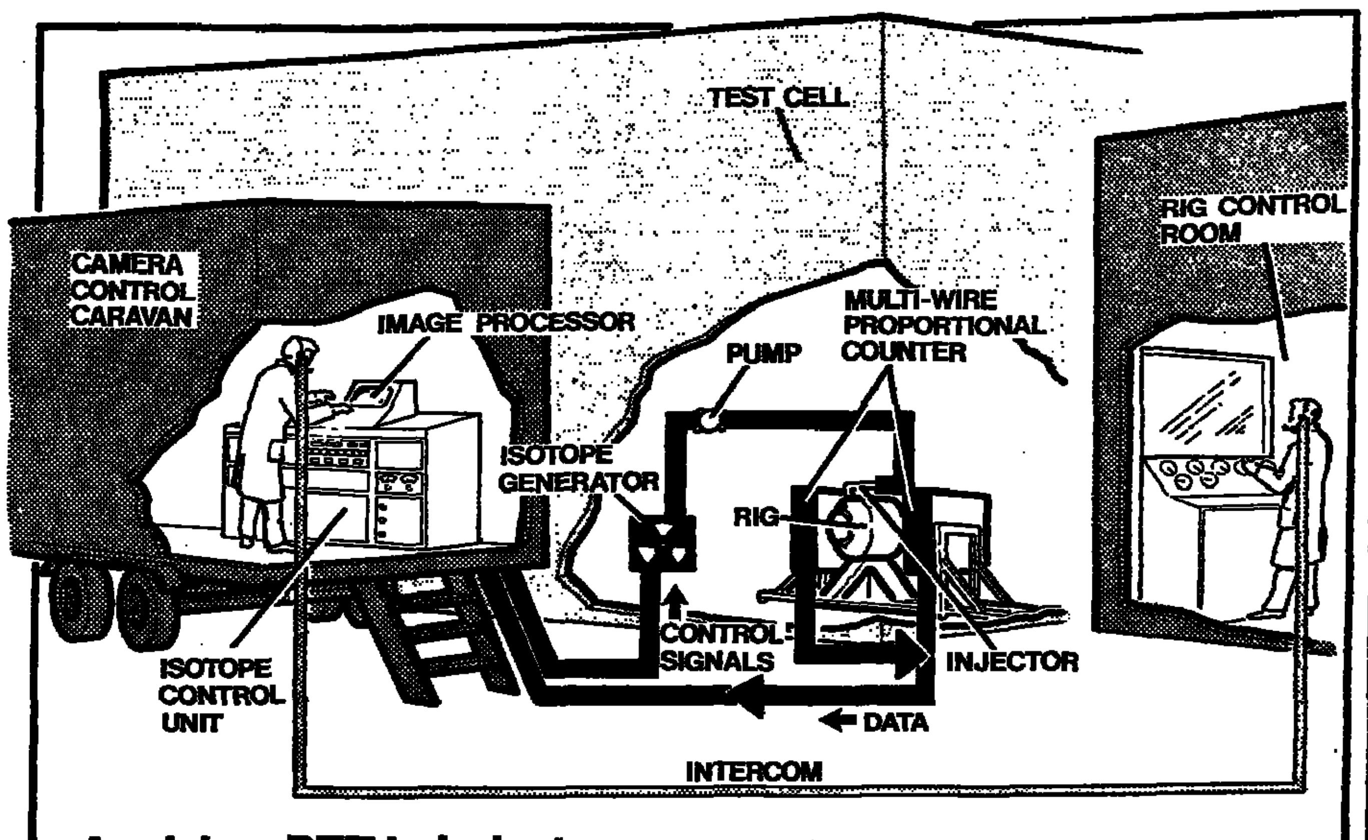
The PET research collaboration between these four partners has just been extended for another two years, bringing the total commitment to £1m. By 1987, Stewart is confident that PET will join his older imaging systems as part of the suite of techniques for making the gas turbine transparent. By then he also expects PET to be measuring the velocity as well as the volume of oil present.

For Rolls-Royce, the transparent engine is an important part of the search for ways to minimise the number of engines the company makes and breaks during the development of any new engine. Traditionally, this empirical approach to design has dominated aero-engine development. Now it is recognised to be slow, clumsy and very expensive.

For Birmingham University, PET opens the possibility of a wider basis for collaborative research into the industrial uses of what was previously regarded as an exclusively medical diagnostic technique. Dr Hawkesworth believes PET is ready to be applied to the analysis of simpler systems such as batteries, chemical reactors and fluidised beds.

The university is already discussing the idea of operating a commercial PET diagnosis service for industry through its new Institute for Research and Development. One idea is that it might be a joint venture involving Rolls-Royce and Burmah Castrol.

The collaboration even has a spin-off for medical research. The Rutherford Appleton Laboratory has been commissioned to make a carbon copy of the Birmingham University's PET camera for the next phase of research in medical diagnostics at the Royal Marsden Hospital in London.



Applying PET in Industry

Source: Birmingham University

How positrons are generated and traced

POSITRONS are positive electrons, the "anti-particles" of electrons hypothesised by Dirac from cosmic ray research in 1930, and first discovered in 1932. They have the same mass as an electron but a positive charge.

Positrons are present in cosmic rays but are also emitted by some radio-isotopes. When a positron meets an electron — within about a microsecond because the world is full of electrons —the two particles cancel each other out by mutual anihilation. The energy of the encounter reappears as two photons of 511 kilo-electron-volts (keV) which fly off in opposite directions. Dr Eddie Bateman of the Rutherford Appleton Laboratory has specialised in developing a new sensor which can detect these co-linear 511 keV photons.

A positron-emitting isotope can be introduced into an engine either as a point source or distributed throughout the lubricating system. The emission of positrons is registered by a pair of positron-sensitive counters placed each side of the engine. The positron emitting tomography (PET) camera system then translates the record of anihilations into "maps" depicting a precise slice through the engine, just as medical scanners picture a slice of a patient.

The isotopes used are short-lived—gallium-68 has a half-life of 68 minutes. They are available on the spot from transportable isotope generators ("cows"). The photon energy of 511 keV is enough to provide images through realistic thicknesses of metal.

Compared with medical uses of PET—a powerful tool for investigating thyroid and other disorders — industrial exposure times can be much longer, and the images correspondingly more revealing. Also the computer can superimpose an accurate drawing of the engine upon the PET image to pinpoint an aberrant feature precisely.

In this way, researchers at the Birmingham Radiation Centre have found it possible to measure the thicknesses of oil films even when these are much less than the resolving power of the PET camera.

Link for computers and telex

TELEX MESSAGES can be sent from an IBM PC or a compatible personal computer using a package of hardware and software from Dataline Systems of London (01-403 2221).

Called PC Telex, the system costs £1,495 and consists of a printed board that plugs into one of the backplane slots of the PC, some software on a 5.25 inch floppy disk and a modem or transmit/receive device that allows data to be sent over telephone lines.

Easily installed by the user, the package provides basic text editing, or standard computer files prepared using any standard word processing package can be called up and telexed with ease.

The system provides auto-dialling, automatic re-try of a number found to be engaged, answerback checking, time "stamping" and facilities that allow a message to be sent at some chosen moment in the future.

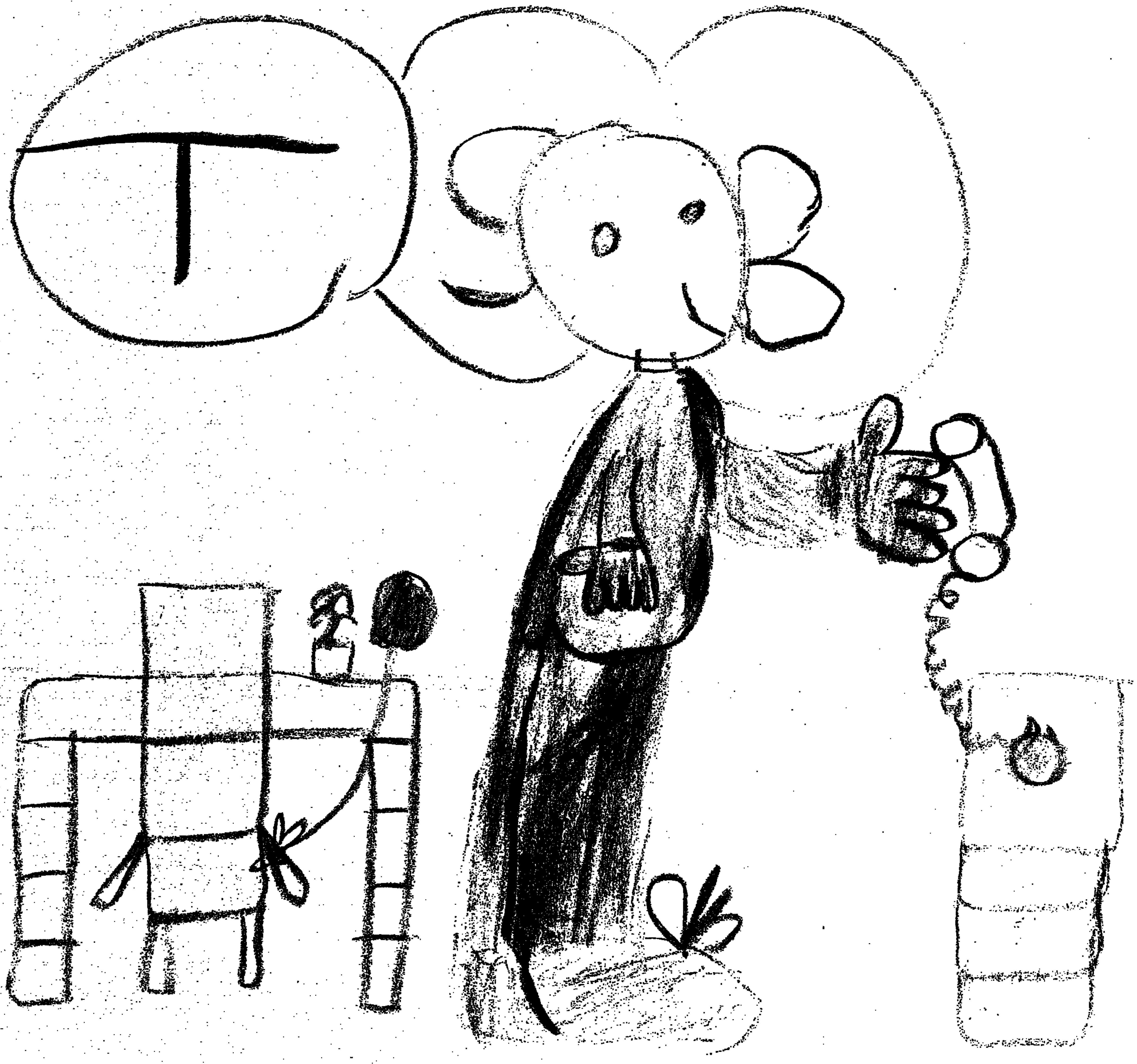
Wet sponge to pinpoint flaws

ELCOMETER Instruments of Manchester has developed a range of portable, battery-operated devices to detect pinholes and small pores in coatings.

The devices are based on the "wet sponge" method. A low voltage is passed through a damp sponge which is wiped across the coating under test. If a flaw in the coating is encountered, the current is conducted to the substrate which sets off an alarm.

The makers see the devices being used for testing pipelines, structural steel, tank linings and ships' hulls. The flaws which can be detected can be up to 500 microns (millions of a metre) in diameter.

Elcometer is on 061-370 7611.



My dads boss

by karen Hamilton
age 7

Karen thinks Milton Keynes is great. Her dad wouldn't say no to that. How could he? He works for the TSB in Milton Keynes....

UK NEWS

Ministers tackle Anglo-Irish security

By Margaret Van Hattem

REMAINING Anglo-Irish differences over security matters in Northern Ireland were discussed for more than two hours yesterday at the Foreign Office, by Sir Geoffrey Howe, Foreign Secretary; Mr Tom King, Northern Ireland Secretary; Mr Peter Barry, Irish Foreign Minister; and Mr Dick Spring, deputy Irish Prime Minister.

The talks were later described as "no more than routine." However, both sides still appear to be preparing for an Anglo-Irish summit shortly after both parliaments resume later this month. There is an understanding that no such meeting would take place unless it were certain to produce an agreement

Both sides appear convinced that to allow a summit to take place at which the two Prime Ministers failed to agree would be far more damaging than to fail to hold a summit.

Any announcement of a date is likely, for security reasons, to be made at the very last moment. Both sides appear anxious to present any agreement resulting from the summit to their respective parliaments as quickly as possible.

The Irish Government was yesterday playing down the significance of comments of Mr Charles Haughey, leader of Ireland's Fianna Fail opposition party, who said at the weekend that his party would oppose any agreement that was harmful to the principles of Irish unity.

Such a stand would not, officials said, be inconsistent with support for the agreement in prospect.

In any case, Mr Haughey is understood to have been left in no doubt that the Social Democratic and Labour Party, main voice of the minority community in the north, will not only dissociate itself from any wrecking tactics – but would also so strongly condemn Mr Haughey if he undulged in them.

West German investment doubles in two years

BY CHRISTIAN TYLER, TRADE EDITOR

WEST GERMAN direct investment in the UK has more than doubled in two years and most of the larger manufacturers already in Britain intend to expand over the next five years, according to the German Chamber of Industry and Commerce in London.

The value of that investment was just over DM 6bn (£1.6bn) at the end of last year, after three years in which companies transferred capital of over DM 1bn annually.

The surge in investment, however, was from a low base. West German companies have traditionally been exporters, not overseas investors, the chamber said. British direct investment in West Germany is much larger: roughly DM 10bn.

The chamber's figures, published with a survey of investment intentions yesterday, are net transfers and do not include an estimated £100m attributable to banks and other financial institutions.

The bullish trend identified by the survey does not mean that German companies will set up volume manufacturing businesses in Britain.

Dr Wolfgang Klemm, managing director of AEG-Telefunken (UK), said yesterday it was uneconomic to transfer big operations to Britain without a large existing market share. Most goods could be easily modified and shipped from German factories. "But many companies will manufacture here on a specialised basis," he said.

The chamber's survey of the 706 service or manufacturing operations in Britain produced only 263 replies, mainly from the bigger companies. Of these, 87 per cent of the manufacturers said they would expand and a quarter said they would start production. Nearly 90 per cent claimed "satisfactory to excellent" returns and "good or excellent" labour relations.

British productivity was rated as "good" or "excellent" by 63 per cent of the manufacturers and by 71 per cent of the sales companies.

Obstacles to investment in the UK included high German prices, lack of skilled British labour and good agencies, tough technical and safety standards, slow customs clearance at the sea ports, high rents and rates (property taxes) and, to a lesser extent, public sector "buy British" policies.

Labour costs, however, were 37 per cent lower than in West Germany, including non-wage benefits, corporation tax was lower and tax allowances in general higher. The high UK unemployment rate had helped labour productivity.

Strikes were not regarded as a big problem, although the miners' 12-month stoppage hurt a few companies, like Thyssen which supplies the National Coal Board.

The UK is the second favourite market for direct investment after the U.S., according to the chamber.

BT names operations chief

BY JASON CRISP

BRITISH TELECOM (BT) has appointed a chief of operations who will take over many of the day-to-day responsibilities of running the company from Sir George Jefferson who remains as chief executive.

The new post goes to Mr Iain Vallance, at 42 the youngest member of the board, who is now clearly the heir apparent to Sir George whose contract still has more than two years to run.

Commenting on this and other appointments Sir George said: "These changes will leave me with more time to concentrate on the strategic issues facing the future of the company and on shaping the company to enable it to meet the challenges and opportunities both here and overseas."

Although Sir George is giving up much of his responsibility he will now take a more direct interest in BT's acquisition search.

Mr Vallance who has had a meteoric career at BT was managing director of its Local Communications Services (LCS), by far the largest division in the company, since 1983.

He is succeeded at LCS by Mr Michael Bett, who was director for personnel and corporate services. This represents a significant promotion and is particularly interesting as he does not have a telecommunications background.

Mr Bett, formerly personnel director at GEC and the BBC, has a long track record of negotiating with trade unions. LCS employs 84 per cent of BT's 235,000 employees and is likely to face substantial job cuts at the end of the decade as the result of the introduction of new technology. The division includes all the local exchanges with a large number of maintenance engineers, the installation staff and operators.

The one person who appears to have lost out in the changes is Mr John King, director of marketing and corporate strategy, who becomes managing director of the newly formed Overseas Division (Contracting). This mainly consists of Telconsult, a small consultancy arm which advises overseas administrations, an activity which BT is trying to expand.

Mr King had been responsible for co-ordinating marketing between BT's different divisions and leading the company's apparently ambitious search for acquisitions.

State steel sector heads for profit

BRITISH STEEL Corporation (BSC) is on track this year to make its first profit since 1974, excluding exceptional items. Sir Robert Haslam, the chairman, said yesterday that the corporation had been making small profits in each month since the end of the miners' strike last March and he expected the trend to continue.

He recalled that BSC had claimed that it would have made a profit of £40m in 1984–85, but for the exceptional costs arising from the miners' strike. In the event, BSC had a loss last year of £140m, excluding exceptional charges.

Sir Robert said BSC's profit in the first half of the present year to September 30 was about £20m. This was similar to that of last year but excluded the effects of the coal strike.

He declined to forecast a result for the full year, but said he expected the corporation to be in profit when he left next May to become chairman of the National Coal Board.

Sir Robert also said that BSC's programme of privatising peripheral businesses was nearly ended. The last big project, in which BSC's engineering business is to be combined with that of Guest, Keen and Nettlefolds, should be completed in the next few months.

He said BSC's remaining operations, including stainless steel, tinplate and stockholding, and the bulk steels division, constituted a core. While privatisation of these interests was still the Government's objective, this was still some way off.

● Steel capacity in the industrialised countries will be cut further as a result of stagnating demand, but the reductions will be less severe than in recent years, according to Mr Jan Hooglandt, chairman of the International Iron and Steel Institute (IISI).

Speaking on the opening day of the IISI annual meeting in London, he said the EEC had eliminated some 30m tonnes of steel capacity since the peak level of 1980 to reach 155m, with cuts of 12m tonnes to 125m in Japan and 24m to 121m in the U.S. since the peak level of 1977.

Total steel capacity in the West is around 560m tonnes against 535m tonnes in 1974.

GOOD RELATIONS, the public relations and advertising agency that suffered a boardroom upheaval two months ago, has announced the resignation of yet another director and the appointment of two new board members.

Mr Jim Wakeley, who has been a board member for five years and was to have gone to New York as head of the company's operations there, has resigned from the company for personal reasons.

The two new board members are Mr Jeffrey Lyes, head of Good Relations' technology company, and Mr Derek Robinson, chief executive of Face Ronchetti, a creative services company acquired earlier this year.

□ HOOVER UNIVERSAL, which claims to be the biggest supplier of seat frames to the UK motor industry, is setting up a joint manufacturing venture with Ikeda Bussan, a Nissan subsidiary to supply seats to Nissan's car plant at Washington in the north-east of England.

The plant will initially involve 50 to 80 jobs and up to 200 by the late 1980s if Nissan goes ahead as expected with the second phase of its project.

□ CATERPILLAR TRACTOR, the U.S.-based construction equipment group, has reached a third successive long-term agreement embodying substantial improvements in worker flexibility with 800 manual workers at its Uddingston plant, near Glasgow.

The company signed its first long-term agreement at Uddingston in 1980.

Britain still tops TV sales in Europe

By Jason Crisp

SALES OF colour televisions in the UK rose slightly in the first half of the year over the record levels of 1984, ensuring that Britain is still the strongest European market. Last year about 40 per cent more sets were sold in the UK than West Germany, the second largest market.

Suppliers have, however, been hit by the continuing weakness in price and a reduction in stocks by retailers and the rental companies. As a result deliveries to the trade in the first six months fell by 11 per cent to 1.39m, according to the latest figures from the British Radio and Electronic Equipment Manufacturers' Association (Brema).

The greatest fall was in small screen televisions where deliveries dropped by 18 per cent. Much of the recent boom in sales of colour TVs has been caused by a tremendous upsurge in demand for small sets typically being bought for the bedroom, cottages and caravans, children and home computers.

Imported small TVs dropped by some 45 per cent reflecting the significant increase in UK production this year. The number of small sets made in the UK rose 35 per cent to 153,000, overtaking the number of imports. According to Brema, imports of all colour TVs in the second quarter accounted for 32 per cent of deliveries to the trade compared with 42 per cent in the same period last year.

Deliveries to the trade of televisions with teletext – the broadcast information and news service – fell some 17 per cent in the second quarter. However, Brema notes that sales and rentals have been increasing during the first half of the year and that stocks have fallen to inadequate levels.

Ironically, the industry, which includes broadcasters, manufacturers retailers and renters, has just embarked on joint promotion of teletext with the object of selling 1m sets in 12 months. It now appears that there will be shortages of teletext sets.

Brema figures show a very strong improvement in demand for audio products. Deliveries to the trade of music centres – which includes midi systems and tower units – jumped by 34 per cent in the first six months of the year. The strongest demand is for midi systems which have now displaced the low-priced rack system as the most popular product in this market, says Brema.

The market for compact disc players continues to grow, with deliveries to the trade in the first half reaching 39,000 units compared with 33,000 for all of 1984.

Sales of video recorders are still flat. Deliveries to the trade in the second quarter were about the same as last year, but Brema says that trade stocks are very low and that there is some indication that demand will pick up in the second half of the year.

NatWest to install U.S. corporate cash system

BY ALAN CANE

NATIONAL WESTMINSTER has become the first bank in Europe to adopt a new generation electronic cash management system which promises to give its corporate customers access to better information at lower prices.

It is spending more than £1m to buy a U.S.-built Tandem failsafe computer and to license special software from the U.S. computer bureau National Data Corporation (NDC) to run the system.

Electronic cash management systems are designed to make it possible for a corporate treasurer to inspect his bank accounts, make payments and move cash from one account to another from a computer terminal in his office.

The new system, called "Nets," which NatWest will be installing over the next year has the potential to provide, among other services, foreign exchange and money market reports and electronic mail.

Electronic cash management was pioneered in the U.S., where it was taken up readily by companies with bank accounts spread across several states. It has been less enthusiastically received in Europe where banking regulations are different and distances a lesser problem.

The big four UK banks, however, all offer an electronic cash management service through third party vendors of software and network services. NatWest already uses software provided by NDC. Barclays uses a system franchised by Chemical Bank, while Midland and Lloyds both use a system offered by another U.S. bureau, ADP.

The NatWest and Barclay's systems both use a computer network provided by another U.S. bureau, Geisco, to distribute and collate information.

What customers have found is that they are tied to the presentation of their information in a form dictated by the bureau. Furthermore, the cost of the service can rise dramatically with use. Bank computers are not designed to accept a large number of queries from customers.

NDC and another U.S. company, Advantage Systems, have built software which extracts data from the bank's own computers, and reformats it according to the customer's wishes and stores it on a separate computer – a Tandem in the case of NDC, a Stratus for Advantage.

This computer provides an "electronic window" into a bank's information which the customer can have access to simply by dialling in. The bank has the freedom to mould the information provided on this computer to its own and its customer's plans.

A number of other systems are being developed but have not yet been announced. NDC's Nets has already been sold to First National Bank of Chicago, Centerre Bank, Northern Trust Company and Security Pacific. The NatWest order is its first sale in Europe. Advantage, marketed exclusively outside the U.S. by the CAP group, has yet to make a European sale, although it has been bought by the Bank of America, Bank of Boston and the NorWest Bank of Minneapolis.

Mr Ronald Clark, senior manager of electronic banking and systems at NatWest said yesterday: "We expect cash management to grow. We have taken a view of the future and bought a capability." Page 21

Coal Board's job creation arm 'helping to counter losses'

BY MAURICE SAMUELSON

THE NATIONAL Coal Board's job creation subsidiary, formed with strong government encouragement at the height of the miners' strike, says it is helping to create 500 openings a month to counteract the rundown in coalfield jobs.

The figures were given yesterday by Mr Merrik Spanton chairman of NCB (Enterprise), the coal industry job promotion venture that was recently permitted by the Government to double its capital to £20m.

Mr Spanton told the Coal Industry Society in London that since sanctioning its first loan to an ex-miner a year ago the company had contributed £3.3m to help 15 projects, costing £20m, to create 2,379 jobs.

He was confident that with the number and nature of the proposals coming forward over the next five years, the company would nearly match job losses in the industry by creating permanent jobs.

He said, however, that the rate of job creation in a given year would not match the annual rate at which jobs would continue to be shed. He also gave no forecast of the scale of yearly job losses that the NCB expected over the rest of the decade.

The 2,379 jobs established with NCB (Enterprise) aid over the past year represent barely a 10th of the number of jobs which the industry has shed since the strike, which ended last March, began 18 months ago.

Mr Spanton, who has kept his job creation post after retiring as the NCB's executive board member of personnel last month, said that if successful, NCB (Enterprise) would ensure "a large regeneration of prosperity" in the UK's coal mining areas.

Echoing miners' claims that their strike was aimed at saving employment prospects for their sons and grandsons, Mr Spanton added that the jobs created by his company would bridge the gap for future school leavers in job opportunities lost in the industry.

The exhaustion of local coal reserves meant, he said, that "younger people may no longer be able to find jobs in their own localities in the mining industry."

Referring to the jobs created so far with the help of NCB (Enterprise), he said that the company had contributed about £1,400 towards a total cost of less than £10,000 a job and loans were being approved at the rate of £750,000 a month.

The activities had three main thrusts: to retrain industrial and non-industrial employees; to participate in a network of enterprise agencies in mining areas; and to join with other institutions in putting together financial packages to launch large and small enterprises in mining areas.

Mr Spanton recently signed a contract with the Manpower Services Commission for retraining redundant mineworkers, which is expected to be worth up to £10m over the next three years.

The company has so far helped 40 enterprise agencies to expand or start up, creating a forum where business people can go for advice. It has also given priority to setting up 20 managed workshops.

UK NEWS

Tories' doubts begin to surface

Despite the united front which the Conservatives hope to present at this week's conference, some local Tories are privately worried. Kevin Brown reports

THE TORIES gathering in Blackpool, the north-west seaside town, for today's opening of the annual Conservative Party conference have few illusions about its critical importance.

In the wake of the successful Alliance conferences, and Labour's failure to tear itself apart at Bournemouth last week, there are few who would question the need to show television viewers a united front.

In pursuit of this, the party leadership has decided not to debate a motion from the Bristol North West constituency party implying severe criticism of the Government's public relations efforts.

Like dozens of other critical motions, this has been ignored in favour of a debate on an anodyne resolution urging enthusiastic support for the Government to overcome "mid-term doldrums."

If Bristol's Conservatives are dismayed by this manipulation of the agenda, they will not show it – at least in public. In private, however, it is clear that there are the beginnings of doubts about some areas of government policy, and fears about the result of the next general election.

Bristol's Tories are quick to draw attention to their hold on three of the city's four parliamentary seats, which visitors are reminded reflects one of the best Conservative performances in the 1983 general election.

Of the three seats, only Mr William Waldegrave, in Bristol West, is really safe. Mr Jonathan Sayeed, who narrowly won Bristol East from Mr Tony Benn, a leading Labour left-winger, faces a serious threat from both Labour and the Alliance; and Mr Michael Stern could also be vulnerable in Bristol North West.

In addition, the Conservatives have been frustrated in attempts to re-establish the control they once had over both the city council and Bristol-based Avon county council.

These local reverses, combined with the party's recently poor ratings in national opinion polls, have raised questions about what is going wrong that have unsettled a number of activists.

This sense of unease has not yet turned into open criticism of the thrust of Government policy, let alone of Mrs Margaret Thatcher, the Prime Minister. She is still largely admired and respected, although she perhaps inspires less adulation than previously.

There is a distinct feeling, however, that the leader is being let down by Cabinet colleagues who do not share her visionary convictions, and even betrayed by one-time colleagues such as Mr Francis Pym, the former Foreign Secretary, whose Centre Forward group is viewed as unforgiveably disloyal.

Prodded further, local Tories will admit that morale has been damaged by the series of "banana skins" on which the Government skidded earlier this year.

Most often mentioned in this respect are Sir Keith Joseph's aborted plans to reform student grants, the timing of the announcement of awards by the Top Salaries Review Board, and the teachers' pay negotiations, widely thought to have been mishandled.

There is also some criticism of the review of social services benefits carried out by Mr Norman Fowler, the Social Services Secretary. Mr Fowler is felt by some to have presented the review badly, allowing the party's opponents to picture the Conservatives in an unflattering light.

The proposed abolition of the state earnings-related pension scheme is also thought to have gone down badly with some supporters.

Unease over these issues is by no means universal, but there is virtual unanimity that something must be done about unemployment. Concern centres not so much on the effects of unemployment on individuals – for instance there is little support for the view that unemployment is linked to inner-city violence – as on the effect of the total on Conservative electoral prospects.

What Bristol's representatives will be seeking from Lord Young, the new Employment Secretary, will be an expansion of training and schemes designed to reduce the number of registered unemployed, with some cosmetic actions to cut the total by removing some groups altogether, such as those felt not to be willing to work.

Concern over these issues has been compounded by the success of the Alliance in taking the balance of power on both local councils in Bristol. Although there are frequent claims of foul play, there is a growing awareness that an Alliance surge could present a serious electoral threat.

It is said to be too early for serious worries, however, and local constituency officers remain relatively confident of a substantial change in the political climate over the next 12 months. Many will admit that a lot of hopes are resting on the new image promised by Mr Norman Tebbit, the party chairman, and his deputy, the novelist Mr Jeffrey Archer.

In the meantime, a drive for new members is said to be producing good results. A more reliable straw in the wind may be the admission by one senior local Tory that there were serious difficulties in getting some party workers on to the streets during this year's country council elections.

As ever, Bristol's Conservatives will enjoy their conference. When the strains of "Land of Hope and Glory" have died away on Friday, however, they will have a more than usually demanding 12 months ahead of them.

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Sterling's rise eases inflationary pressures

By Max Wilkinson, Economics Correspondent

A RISING pound in the first part of this year led to a sharp easing in inflationary pressure, official figures suggested yesterday. They showed that the prices paid by manufacturers for fuel and raw materials in September were on average 1.5 per cent lower than the level a year earlier.

This fall should help manufacturers to contain price increases in the months ahead, even though average earnings in manufacturing are about 9 per cent higher than a year ago.

Part of this rise in earnings has been absorbed by continued increases in productivity. Yesterday's figures, from the Department of Trade and Industry, showed that manufacturers' selling prices were 5.5 per cent higher in September than a year earlier.

This compared with 5.7 per cent in the year to August, and suggests that the underlying "core" of inflation is running at an anual rate of between 5 and 6 per cent.

The inflation rate measured by the familiar Retail Prices Index rose to 7 per cent in the early summer before falling back to 6.2 per cent in August.

Perkins plans £100m five-year investment

BY ANDREW FISHER

PERKINS ENGINES plans to spend up to £100m over the next five years in Peterborough, Northamptonshire, to develop new products and equip the UK plant for the increasingly competitive conditions of the world diesel market.

The investment will secure the jobs of about 5,000 people at the factory, the world's largest for diesel engines. The company, part of the Massey Ferguson farm equipment group of Canada, is not planning any major expansion in jobs.

Perkins produced nearly 390,000 engines last year, 131,000 of them at Peterborough, which also sent 90,000 kits for assembly abroad. In 1979, the UK plant produced 245,000 engines, but demand then fell at the workforce was cut from 13,000.

About £40m of the proposed investment sum will go on research and development into new products, about which Perkins declined to be specific. The rest will be spent on advanced machinery and equipment for the plant.

Mr John Towers, general manager at the Peterborough plant, said the total would be between £80m and £100m. The world diesel engine market, he said, was a "hostile environment," with a high degree of over-capacity. Annual world demand was around 6m, while capacity was some 9m.

WEST GERMAN CHEMICALS INDUSTRY

Henkel lets the public take a share

BY JONATHAN CARR IN FRANKFURT

OCTOBER is a historic month for Henkel, West Germany's fourth biggest chemicals concern. For one thing the family-owned business is in the middle of a public share issue for the first time since it was founded 109 years ago. For another, Dr Konrad Henkel, father figure of the company, will shortly celebrate his 70th birthday.

The two events deserve to be seen together. For had it not been for Dr Henkel's quiet persuasiveness and his evident desire to set the company on a new course while he still had active influence, then accord on the public issue—which was heavily oversubscribed when it closed last week—might not have been reached.

After all, Henkel is a proud company with no fewer than 66 family owners. All are members of three "clans" descended from Fritz Henkel who founded the business (with three workers) in Aachen in 1876.

Henkel executives tend to bristle to hear their company called simply "a detergent maker" or even just as the inventor (in 1907) of Persil washing powder. They prefer to describe Henkel as an "international specialist in applied chemistry"—with 163 consolidated group firms in 45 countries and 1984 turnover of DM 9.3bn ($3.5bn). Of that total turnover "only" 29 per cent came from detergents, 30 per cent from chemicals, 19 per cent from adhesives, 15 per cent from hygiene and technical cleansers and 7 per cent from cosmetics. Last year group net profit rose by 26 per cent to DM 130m, while capital and reserves made up a comfortable 40.4 per cent of the balance sheet total.

Small wonder if some of the family owners feel inclined to the view that "we have achieved success for generations without having, or needing, outside shareholders. Why should we change?" It is certainly true that a lot of Henkel's success can be put down to observance of the motto "Firm before family," with the Henkel owners contenting themselves with modest dividend payouts. "You have one fur coat," a senior family member is alleged to have said to a young lady shareholder who dared to ask about a bigger payout. "What do you want with two?"

That said, it is also clear that with 66 owners involved, some are bound more than others to want the chance of realising funds locked up in Henkel shares. That problem was likely to grow more difficult as time passed and yet another generation came to the fore.

That is where Konrad Henkel, a grandson of the founder, has proved to be the right man at the right time, with great strength of will partly hidden behind a relaxed, unassuming manner. Married to a glittering socialite and supporter of the arts, Gabriele Henkel, he nonetheless tends to keep out of the limelight and is disinclined to talk about himself. But as chief executive through the 1960s and 1970s, he was the key architect of Henkel's expansion into new products and markets — especially abroad. Nowadays just one third of group turnover comes from domestic sales and the rest abroad (10 per cent of that is exported from Germany).

Konrad Henkel is now head of the supervisory board and, more important, he chairs the Gesellschafterausschuss or board of partners which holds the real power at Henkel. At present the latter has nine members (it has to have a minimum of five) made up of five people from the three family clans and four outsiders (among them Dr Wilfried Guth, supervisory board chairman of Deutsche Bank). Key decisions, for example on major investment or personnel matters, are taken by the Gesellschafterausschuss in conjunction with the executive board (headed by Dr Helmut Sihler, a long-time company man but not a family member).

With that rank, background, and good relations to all three clans, Dr Henkel has been able to win approval for a plan which kills three birds with one stone.

First, it is agreed that all ordinary shares will stay in family hands at any rate to the year 2000, thus going very far to satisfy those clan members with doubts about giving outsiders influence. Second, family members receive DM 100m in non-voting preference stock (one half of a capital increase from DM 300m to DM 500m through a transfer from reserves) thus pleasing those who want a chance to turn shares into cash sooner rather than later. Finally, Henkel's capital is being raised to DM 575m through the public issue of 1.5m non-voting preference shares at a price of DM 285 apiece. That will bring Henkel an injection of well over DM 400m in outside funds, and help to arm it better for another phase of expansion.

Konrad Henkel, shown by a bust of the founder of his firm, his grandfather.

The evidence in the balance sheet supports the claims of Henkel executives that there is no urgent need of these extra funds at present. Profits, which surged last year, are likely to show another big boost this year. This will be thanks partly to Henkel's recent disposal of some less profitable, fringe activities, and to an internal restructuring which should make for less centralisation and quicker decision-making. The company expects that profits per share this year will be about DM 26 compared with DM 20.50 in 1984.

That said, Henkel is up against some very big challenges in the 1980s and 1990s which seem bound to make the ability to tap outside funds not just desirable but necessary. Its highly diversified product structure puts Henkel into direct competition with much larger companies, from Unilever and Procter and Gamble to BASF.

Henkel has already established itself quite firmly on the U.S. market (about 10 per cent of group sales). But it is known to be looking for a still stronger base, not least through further acquisitions in addition to its minority stakes in the American Clorox and Loctite concerns. The Far East is another area where Henkel is looking for growth; and while co-operation accords without a financial stake can be helpful (for example, Henkel's recent agreement on research, development and marketing with Lion Corp of Japan), a growing input of funds seems bound to be needed.

Konrad Henkel's formula for a public share issue should help these future needs to be met without cutting those family links which have served Henkel well so far. For that reason Dr Henkel can well afford to emerge into the limelight for a glass of champagne on his 70th birthday.

Company Notices

American Petroleum Production N.V.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of American Petroleum Production N.V. will be held at Pietermaai 15, Willemstad, Curacao, Netherlands Antilles on 6th November 1985 at 10.00 am to consider and, if thought fit, to pass resolutions for the following purposes:—

1. To approve the balance sheet of the Company and the consolidated balance sheet as of 30th June 1985, the related consolidated statements of income and retained earnings and changes in financial position of the Company and its subsidiaries for the year ended 30th June 1985, together with the respective notes thereto and the Auditors' Report thereon:
2. To ratify the payment on 18th January 1985 of the first interim dividend of $15 per share;
3. To ratify the payment on 18th January 1985 of a distribution of $17 per share by way of capital repayment out of additional paid in capital;
4. To ratify the payment on 15th February 1985 of a distribution of $300 per share by way of capital repayment out of additional paid in capital;
5. To ratify the payment on 19th April 1985 of a distribution of $17 per share by way of capital repayment out of additional paid in capital;
6. To ratify the payment on 19th April 1985 of the second interim dividend of $18 per share;
7. To approve the distribution on 27th November 1985 of $14 per share by way of capital repayment out of additional paid in capital;
8. To approve the payment on 27th November 1985 of the final dividend of $16 per share; and
9. To re-appoint the Auditors and authorise the Board to determine their remuneration.

American Petroleum Production N.V.
27th September 1985

TRANSALPINE FINANCE HOLDINGS S.A.
U.S.$27,500,000 6½% LOAN 1985
FINAL REDEMPTION

Transalpine Finance Holdings S.A. announces that for the redemption period ending on 31st October 1985, it has purchased and cancelled bonds of the above Loan for U.S.$15,000 nominal capital and tendered them to the Trustee.

Notice is accordingly hereby given that all the outstanding Bonds of this Loan, amounting to U.S.$1,885,000 nominal capital, will be redeemed at par on 31st October 1985, from which date all interest thereon will cease.

These Bonds may be presented at the offices of the paying agents (set out on the reverse of the coupon) in the manner specified in Condition 5 of the Terms and Conditions of the Loan printed on the Bonds, for repayment of the principal and for payment of interest due against Coupon No. 20 dated 31st October 1985.

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8th October 1985.

AUSTIN REED GROUP PLC

NOTICE IS HEREBY GIVEN that the Register of Members will be CLOSED and the registration of transfers of ALL CLASSES of shares will be suspended from 28 October 1985 to 7 November 1985 both dates inclusive.

By Order of the Board
G. J. TUBB, Secretary

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At the request of the Trustee, we hereby give notice that the nominal amount of FF 5,000,000 has been purchased on the market for redemption due November 15, 1985.
Amount outstanding: FF 48,000,000.
Luxembourg, October 8, 1985
THE PRINCIPAL PAYING AGENT
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S.A. LUXEMBOURGEOISE

Legal Notice

BRENT TRAVEL T/A IBESCO TRAVEL LIMITED
(IN RECEIVERSHIP)

This Notice is not required under the provisions of the Companies Act but we are hereby advising Creditors that we were appointed Joint Receivers and Managers on the 20th September 1985. We have been unable to formally notify Creditors of our appointment in accordance with our usual practice, due to certain of the Company's records being unavailable.

M. J. Spencer, F.C.A.,
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Joint Receivers and Managers

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Manufacturers Hanover, a leading manager and distributor of tax exempt securities, stands among the top commercial and investment banks in underwriting short term municipal securities.

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THE MANAGEMENT PAGE : Small Business

EDITED BY CHRISTOPHER LORENZ

French venture capital

Searching for entrepreneurs

BY PAUL BETTS

THE LAST few months have seen an explosion of interest in venture capital in France. Government incentives to encourage investors and entrepreneurs to set up or finance venture capital operations have led to a flurry of new projects and funds.

The Socialist administration regards venture capital as playing an increasingly significant role in the government's growing reliance on small and medium sized enterprises to create new jobs. Recently, the government pushed a law through Parliament freeing from taxation venture capital funds set up to channel money into small and medium sized companies in promising fields.

But the new activity in venture capital in France has largely been concentrated so far on the nationalised banks, large industrial groups and the big institutions. Up to now, there have been few examples of small start-up ventures formed by entrepreneurs running small or medium sized businesses. "It has been one of the big missing elements in the French venture capital scene," says Michel Casas, the head of a small business services company called Acte and one of the founding members of the Groupe 23 venture capital concern launched this year.

Groupe 23, as its name suggests, comprises 23 partners half of whom are small business enterpreneurs and the others consultants, brokers, public relations professionals, and lawyers with experience in the small business sector.

"We felt that the great majority of French venture capital funds was managed by financiers or institutions and not by entrepreneurs," says Christophe Chausson, the managing director of Groupe 23. "We thus sought to set up a fund where the direct entrepreneurial participation was very strong."

Chasson also points out that venture capital in France is called "capital àrisque" or risk capital. He suggests that this reflects the current prevailing attitude in France to regard venture capital essentially as a high risk financial investment. Moreover, the funds set up by the banks and large institutions are not so much interested in small start-up ventures but on medium sized concerns already in existence for two or three years and ready to be introduced on the Bourse. "The funds are either essentially focused on overseas markets, especially the U.S., or are looking for companies that will be coming onto the thriving new Second Marché on the Bourse," explains Casas.

The Second Marché, or new unlisted securities market, has proved a major success with a substantial number of companies coming to the market for the first time. All the major banks in France have been active in bringing these companies to the Bourse. "But in most cases, the banks have been looking at relatively well established concerns. We are seeking to back real start-ups," adds Casas.

The Groupe 23 investors also intend to concentrate on services, a niche in the emerging French venture capital market which they claim has so far not attracted much attention. "What we've seen is tremendous interest in high technology ventures. We feel there is perhaps as much potential if not more in the services and distribution sectors," says Chausson.

Most of the entrepreneurs in Group 23 are directly involved in the services or distribution fields. They include the owners of a group of hypermarkets, a photocopying services firm called Copy 2000, and a fashion business.

So far the new group has put money in three ventures it feels could be promising. Its members use their various expertise to assist these ventures. In all, it wants to invest a total of FFr 3m (£265,000) by the end of this year rising to FFr 9m (£800,000) next year.

The first venture involves a 15 per cent stake in a company set up last February called Anatex which is developing an electronic notetaking machine. It involves an ingenious system whereby one can write notes by hand on a flat board which can be automatically processed by a typewriter or printer.

The second venture involves a start-up business in the distribution sector which offers hand delivery services of groceries and other goods in Paris. The company, called Caditel and set up last May, is proposing to enable Parisian households to order their weekly groceries and household goods using the French post and telecommunications administration's (PTT) minitel electronic terminal. Minitels are now coming into wider use in France and Caditel intends to offer the use of a minitel to households which do not already have one if they want to use the personal delivery service.

"We felt this delivery service could be promising, especially in a city like Paris. The company intends to offer household goods and groceries for sale at the same competitive prices as the large supermarkets," explains Chausson. "But we thought it was essential to move quickly to enable Caditel to set up a solid customer base. The risk is that eventually the big supermarket chains copy the idea. They would clearly be able to put pressure on Caditel," he adds.

Groupe 23 has also just put what is known as "seed money" into another venture linked to the distribution sector. The idea is to instal television sets above the cash tills at supermarkets. "While people wait in the queue to pay for their goods, they will be able to watch the television sets above them. These will show short television spots and advertisements. They could represent an interesting source of revenue," says Chausson.

Christophe Chausson (left) managing director of Groupe 23, and Michel Casas (right) a co-chairman, with Gilles Macherey, the other co-chairman, whose company Copy 2000 is in photocopying services

A boost from the Second Marché

Hervé Hamon: time is ripe to attract investors

THE current craze for venture capital in France has prompted Sofinnova, the country's largest and longest established venture capital group, to become the first concern of its kind to seek a listing on the buoyant new French unlisted securities market, or "Second Marché" as it is known in France.

Hervé Hamon, managing director of Sofinnova for the past six years, says the group set up 13 years ago will be seeking a listing on the "Second Marché" in the next few months to open up its capital to private individuals. "At present our capital is entirely made up of large institutions, banks and industrial groups. But we now feel there is strong demand from individuals to invest in venture capital in France," he explains.

Sofinnova manages funds totalling about FFr 300m (£26.5m) in France and its U.S. subsidiary, Sofinnova Incorporated, formed in 1976, handles a further $60m (£42.8m). In France the capital comes from big institutions like the Credit National with 20 per cent, the Caisse des Dépots, the Crédit Agricole, insurance companies and large industrial groups like Renault, Peugeot, Saint Gobain, among others.

About 20 per cent of the capital also comes from foreign institutions including Kuwait, the Wells Fargo Bank, and Dutch and Spanish interests. In the U.S., on the other hand, about a third of the capital of the group's American subsidiary comes from individual investors.

Although Sofinnova's domestic operations have so far failed to match the success of the American business (the return has only been 7 per cent over five years in France compared with 46 per cent over nine years for one of Sofinnova's U.S. funds and 39 per cent over five years for another), Hamon believes the time is now ripe to attract French small investors. "There is a huge pool of available capital for venture projects at present involving between FFr 3bn-FFr 5bn (£26.5m-£44.2m)," he says, adding that the available capital on offer far exceeds demand from project start-ups or emerging new businesses. Returns are also expected to rise as the movement gathers momentum and new businesses become firmly established.

There are a number of factors behind the current venture capital boom in France. Apart from government incentives to encourage new start-ups and the surge of the unlisted securities market, both the economic crisis of the last few years and nationalisation in France have had a dramatic impact on management attitudes towards venture capital.

The economic crisis has shattered the idea of job and career security for French cadres or managers in large industrial groups. Nationalisation and the large scale asset swaps in the electronics and telecommunications sectors that have occurred between large nationalised or state owned groups like CGE, Thomson, Matra and Saint Gobin in the last three years have exacerbated the problem.

"We have seen a large number of cadres or small management teams from big industrial groups come to us to see if they could start up a business in the electronics or telecommunications field," remarks Hamon. This is a classic way in which new high-tech ventures are formed. "After all, 90 per cent of high technology start-ups in the U.S. come from management teams who have spun off from groups like IBM or Hewlett Packard, to mention just two," he adds.

The economic crisis has also brought with it a complete change in the attitudes of family businesses and medium sized concerns towards their debt and borrowing policies. "The cost of borrowing was extremely low in the past in France. But real interest rates in the last few years have shot up," explains Hamon. In turn, this has prompted companies to look for other sources of capital. This partially explains the tremendous success of the new unlisted securities market. More than 100 companies are now listed on the "Second Marché" and 30 more are queuing up for a listing.

About half of the funds managed by Sofinnova in France involve what Hamon calls "development capital." This consists of funding businesses that in two or three years' time hope to go on the Bourse and want to do some window dressing to help boost their stock price at the time of introduction to the market. About 35 per cent of Sofinnova's funds are invested in companies which are a longer way from Bourse introduction. "These are companies with interesting prospects which hope to go to the market in four or five years' time," explains Hamon, who is also president of the French venture capital association. The remaining 15 per cent of Sofinnova's funds are directed towards high tech start-up ventures.

Hamon claims it is unrealistic to try to compare venture capital in a country like France with the U.S. The sheer size of the American market offers opportunities that can hardly be matched by the French market. But he believes the venture capital phenomen is now firmly rooted in France. "It's part of the general return in France of a capitalist mentality in the best sense of the word," he remarks.

In brief...

A MONTHLY guide to the changing terms and conditions of the £1bn worth of business grants available in the UK has been launched by Vulcan Communications, a newly established publishing venture.

The Grants Newsletter contains articles about the various types of grant aid including the assistance offered by local authorities to new and existing businesses. The subscription is £96 per year. Details from Vulcan Communications, 29c King Edward Road, Barnet, EN5 5AW.

●

MANAGEMENT buy-outs have been running at more than 150 a year since 1980 and are making a big contribution to the revival of the UK economy, according to chartered accountants Peat Marwick.

Management teams considering whether to buy their way to independence are given a clear explanation of how to obtain financial backing in Peat Marwick's booklet on this increasingly popular phenomenon. Management Buy-Outs covers subjects ranging from tax planning for the company and its management to negotiating the purchase and assessing suitable candidates for buy-outs.

Small business managers wishing to cash in on their efforts by seeking a public flotation for their shares may find a few words of useful advice in another booklet recently published by Peat Marwick, entitled *Going Public*. It compares the advantages and requirements of raising finance on the full stock market, the Unlisted Securities Market, over-the-counter markets, or through private placings.

Both booklets cost £3 and can be obtained by contacting Peat Marwick at 1 Puddle Dock, Blackfriars, London EC4V 3PD. Tel 01-236 8000.

●

THE Local Enterprise Development Unit (Ledu), the Northern Irish small business agency, has unveiled two new financial assistance schemes.

Ledu's new interest relief grant is designed to subsidise interest charges paid by small companies on invoice prepayments collected through factors. The unit has also introduced a marketing grant available in three tiers, depending on the applicant's state of development.

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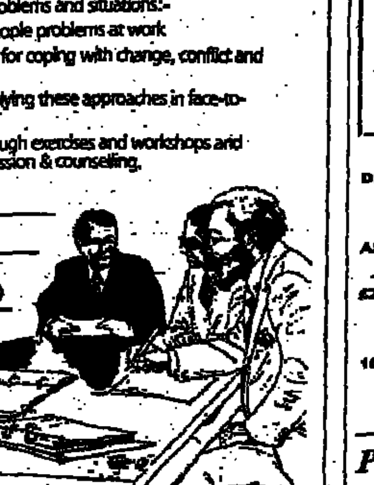

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THE ARTS

Galleries/William Packer

Hungarian arts in Glasgow

The Festival of Hungarian Arts in Glasgow, which the Hungarian ambassador declared open last weekend, had modest beginnings. Chris Carrell, director of Glasgow's Third Eye Centre, had noticed the work of two young Hungarian artists, Imre Bukta and Géza Samu, at the Biennale des Jeunes in Paris in 1980, and he thought then of bringing a small show to Scotland. But the more he looked, the more he found of worth and interest. Later, he enlisted the help of Paul Overy, a critic with wide knowledge of contemporary visual art in Eastern Europe; and by degrees the whole machinery of cultural diplomacy was coaxed into action in support.

Ganz Factory, Budapest (1946) by Ilka Gedo

That first modest plan has become a celebration of contemporary visual art in Hungary, with the work of 18 artists shared between seven galleries. Elsewhere there are exhibitions of contemporary prints, medals and ceramics, and work of the earlier 20th century, and the period at its very beginning when the Glasgow Style of Mackintosh and his peers was so seminal an influence upon the applied art and design of central Europe. In addition there is to be throughout the month a programme of music, theatre, dance, literature and film, and the arts and pleasures of Hungarian foods besides, to sustain the spirits.

Already further culture exchange is planned to build upon this initiative, in particular an exhibition, of similar scope and ambition, of Scottish art in Hungary in some two years' time. The value of such intercourse is undeniable and if credit is due to Mr Carrell as prime mover, he acknowledges how much he owes for its realisation to the local authority and institutions, and to the Hungarian Government. Without our own Visiting Arts Unit too, which works its wonders of support upon a paltry budget, nothing would have been possible.

The principal exhibition site, and clearing house for information, is the Third Eye Centre in Sauchiehall Street; which is where those first two of the 18 artists, Bukta and Samu, are showing side by side. Both are sculptors whose works sits well with current orthodoxies of a certain kind—conceptual, discrete, ecological and organic, shot through with metaphor and symbol. Bukta's is the more direct, even literal in its references and social in its concerns, his mixed-media reliefs and tableaux full of ideas, images and indeed actual material — some remarkably unpungent manure for example —taken from the natural round of working the land: enriching the soil, sowing and reaping. But the machines have come, and the hard yet delicate relation of the peasant to the land has been broken.

Samu is more oblique in his approach, and yet more obviously craftsmanlike in his practise and accessible in his imagery. His sculptures are totems, trophies or fetishes of sorts, objects which, taken singly or together are loaded with an ambiguous atavism, or ancient ritual suggestion. Yet his formalised birds on long thin poles or his antler or horn-like wooden totems that might stand alone at the heart of the sacred grove are charming and engaging things.

Bukta and Samu are two of four artists who have collaborated on a proposal for a sculpture park at Nagyatád in south-west Hungary. It has yet to be realised, but the large and detailed maquette is now installed in the People's Palace on Glasgow Green (an extraordinary museum of everyday life by the way), along with a small display of political posters from the period of Hungary's post-war reconstruction.

Also at the Third Eye is the work of Erzsébet Schaár, a figurative sculptor who died in 1975 at the age of 68. Most of her work here is from the last 10 years of her life: small and fairly freely modelled arched and vaulted spaces that might be models for stage sets, and larger standing figures with heads and hands cast from life but bodies reduced to simple blocks. These are possessed of a haunting, enigmatic and most theatrical presence, the more so when shown ensemble as it were onstage, separated by screen or window, images of loneliness. Doors and windows evidently fascinated her with their implications of shutting in or letting out, and some of the earliest and most beautiful pieces—small wooden plaques of the late 1940s carved in shallow relief—take them as their subject.

Ilka Gedö, whose work fills the Compass Gallery in West Regent Street, died recently, aged 64, as the final selection was being made, and her exhibition is thus restrospective and memorial. An interval of 18 years devoted to bringing up a family divides the work: the later paintings light and decorative, the imagery abstracted and symbolic; the earlier work a mass of drawings made as a young woman in the wartime ghetto or just after the war in old people's home and factory and workshop. Hers is a most delicate and exquisite expressionism, as of Munch at his most intimate, especially so in a set of tiny, lovely portrait studies.

Other sites showing the work of the 18 artists are the Glasgow Arts Centre, the Glasgow Print Studio, and the two galleries of the Glasgow School of Art where, in the Newbery Annexe, I was particularly taken with the work of El Kazovskij—trussed chairs, bric-a-brac, bizarre cut-out dogs that might all be props for surreal performance — and the simple refinement of the cast plaster reliefs of György Jovánovics, with their creased and crumpled surfaces and air of romantic constructivism.

The entire show remains on view until November 9. The Collins Gallery of Strathclyde University is showing recent prints and graphic work by Janos Kass, Adam Wurtz and Karoly Reich (until October 30). And Main Fine Art in Gibson Street, showing the paintings that a young artist, Andrew Urquhart, made while in Budapest on a British Council scholarship between 1979 and 1980, makes the only directly Scottish and reciprocal contribution to the festival (until November 2).

The City Art Gallery at Kelvingrove has also extended its hospitality to four small shows (until November 10) which include a display of recent work by the medallist, András Kiss Nagy, and a selection of contemporary ceramics and ceramic sculpture, notably the life-cast heads and torsos in porcelain of György Fusz.

But the most extraordinary show comes not from Hungary at all but from the National Galleries in Edinburgh, where a cache of prints by Béla Uitz, a Hungarian artist in exile in Scotland between 1920 and 1923, came to light only as this festival was being prepared and researched. The earliest things are suprematist linocuts: then follow a set of symbolic, heroic images of General Ludd, worked up from severe constructivist composition: and then a rich and powerful group of land and city scapes. Last comes the most powerful work of all, a group of figure and portrait studies of women of a monumental simplicity and power, and all dedicated to a Miss Mary Rorke, from whose family they were lately acquired.

Finally, a small didactic display, drawing upon the gallery's own collections, closes the link between Glasgow and Budapest by taking us back to 1902 and an exhibition that had been arranged by Fra Newbery of the Glasgow School of Art, and Jeno Radisics, of the National Museum of Applied Arts in Budapest, where it was shown.

Mackintosh, of course, and all his colleagues in the Glasgow Style were represented, and of their work the critic of the Magyar Imparmilveszet had this to say: "... one is struck at first sight by the generally high standard of British design. One can but wonder at the degree of educated artistic taste among those with money to spend. They live in a country where even firms aimed at mass production are capable of creating the type of superb, stylistically unified furnishings that we see here ..." Oh dear.

South Bank

A small matter of missing millions

Mr Ronald Grierson, chairman of the South Bank Board, yesterday lifted the curtain on what the nation's most important arts complex will be like when the board takes over from the GLC on April 1 next year—to reveal a stage still shrouded in shadows.

At least readers of this page yesterday will have an idea of the possible scenery, following Colin Amery's preview of the vision of architect Terry Farrell, who was asked by the board to provide a blueprint. He wants to demolish the elevated walkways and hide the ugly concrete that remains under a translucent roof covering the Queen Elizabeth Hall, the Purcell Room and the Hayward Gallery.

But, as Mr Grierson stressed, although there is a strong commitment to transform the appearance of the South Bank from an elephant's graveyard to a southside Covent Garden piazza, Farrell's ideas are not yet plans. They will remain conjecture until the little matter of many millions of missing pounds has been resolved.

The South Bank Board and the public remain in the dark over money. Mr Grierson has costed the South Bank in its first year at £11.5m, of which £8.5m will be spent on running the place, and £3m on maintenance. Unless the board gets this sum from the Government —well, there were many veiled threats but Mr Grierson, shrewd politician that he is, did not quite commit his 15-strong board to instant resignation. But obviously unless the Government comes up with a figure very close to the £11.5m it will have to look for new guardians for a most politically sensitive spot. At the moment the minister for the arts is still sticking to a totally inadequate sum of £16m to make good all the arts expenditure by the doomed metropolitan counties, including the GLC, with just £5.9m targeted for the South Bank. An urgent re-think is needed here.

It is unlikely that Mr Grierson, who has agreed to see the South Bank Board through its first 18 months as executive chairman, would take on this task unless he was pretty confident of getting sufficient Government aid. He may also know more than he lets on about the money needed to finance the grandiose environmental changes.

He is anxious to get rid of the walkways within a year. Could there be a generous public benefactor in the wings who has promised the few millions it needs to rid London of these decaying concrete monstrosities? For the rest, it could be built up like a Meccano set, piece by piece, as the money comes in from private sources. Even so it would have to be a carefully worded public appeal which raised money not only to eliminate the ugly and old but also to build up such ventures as restaurants, bars and shops, which will enliven the surrounds of the Elizabeth Hall, Purcell Room and Hayward when they stand as a united counter-balance to the Festival Hall. Perhaps donators could be promised a financial return from the profits of the commercial concerns?

With so much unknown about finances the artistic content of the new South Bank is in danger of being overlooked. Mr Grierson paid a generous tribute to the GLC (even though that body has made his life very difficult by refusing until recently to co-operate on the handover) and will retain its open foyer policy, and its special events, like the Children's Festival and Thames Day. Indeed it wants to go further and create a continuous festival atmosphere on the South Bank. The National Theatre and the National Film Theatre will be encouraged to co-operate with the concert halls in special seasons during which such themes as *British arts in the 1940s* or *The Paris of Napoleon III* are given in-depth artistic treatment. A children's museum, along the lines of one in Boston, U.S., is planned in what is now the foyer of the Elizabeth Hall, and the South Bank wants to play a more active education role in London.

Advisory boards for music and art; closer links with the broadcasting media: a box office in the West End for all South Bank activities; more coherence in the programmes of the four major orchestras (who will remain the centre of South Bank performance) — the good resolutions are in line with Mr Grierson's objective of providing "entertainment of the widest range and quality."

The package is now handed over to a cost-cutting Government and to those well disposed individuals who in recent years have helped London's other arts institutions, including the National Gallery and the Tate. The bottom line is that a successful and popular South Bank would be a good advertisement for private enterprise in the run-up to the general election.

Antony Thorncroft

Nettlefold Festival/West Norwood

Paul Driver

The Nettlefold Festival can now be added to the modest list of British festivals devoted to modern music — the others being the Huddersfield Festival, the Almeida Festival the MusICA series of summer concerts, and the variously bi- or triennial Musica Nova celebration in Glasgow. The Nettlefold Festival brainchild of two composers, Simon Desorgher and Lawrence Casserley, began last year, with a flourish, and continues this year, in the attractive and acoustically very acceptable Nettlefold Hall (in the same building as the public library) on Norwood High Street with three consecutive weekends of concerts featuring such subject matter as the tape music of Tristram Cary (who is 60), the live improvisation of Barry Guy and Derek Bailey, and the pianism of Philip Mead.

Friday's opening concert was given by soloists from Richard Bernas's ensemble Music Projects/London. The programme was a little arid: all the pieces had a certain abstract quality and relied heavily on various electronic enhancements and/or the use of "extended" techniques of instrumental performance. The power of the performances was unmistakable, however, in such cases as Nancy Ruffer's exposition of Taira's ... *Hierophonie*... *IV* (employing four diffrent kinds of flute) or Alan Brett's of James Dillion's solo cello piece, *Parjanya-Vata* ("the power of wind and rain"), a quite graphic and gripping experience.

The most intriguing item was Kagel's *Unguis Incarnatus Est*, in which a pianist (Bernas himself), set off by another bass-clef instrument (Alan Brett's cello), muses on the opening notes of Liszt's piano piece *Nuages Gris* and, more particularly, on the piece's pedalling instructions—pure pedal clatter finally takes over. The concert began with an improvisational composition by Rolf Gehlhaar, *Typ II*, which leaves pitch-choice to the several performers but controls other musical parameters. It ended with John Cage's similar *Atlas Eclipticalis*, which reverses the process. The aural results in both cases were pretty.

Jessye Norman/Barbican Hall

David Murray

Miss Norman's recital on Sunday came under the umbrella of the *Mahler, Vienna and the Twentieth Century* festival, but her audience was more catholic than that—so, at least, their determination to applaud after every single song suggested. Unfortunately the programme with texts could be had, expensively, only as part of the whole festival-book: the result was that Miss Norman found herself singing a moderately *recherché* programme to an audience many of whom had no idea what she was singing about. That was fair to nobody.

In the circumstances, she needed all her considerable communicative powers (and she has just recovered from a bout of 'flu). Her opening Handel only half convinced: she was fervent enough in two hymn-like numbers, rather neutral in arias from *Rinaldo* and *Radamisto*. Songs by Mahler and Berg (the latter an enterprising choice, but he puzzled the audience) were treated with great sympathy and some cautious restraint. Of those only Mahler's "Das irdische Leben." sounded like vintage Norman, powerfully stark. More positive support would have been welcome from her young accompanist Philip Moll, especially in "Rheinlegendchen"; he was musical enough but pallid, or perhaps just over-awed.

For the all-Ravel second half, Miss Norman was back in full, lustrous voice, aglow with confidence. Reservations melted fast. Though for the *Chansons madécasses* she rightly scaled her tone down to match the accompanying trio, she wielded authority with insight — a superb, baleful "Aoua," a delectably languid "Il est doux." Had the cellist treated his suave lines in "Nahandove" less bumpily, that song might have reached the same level. By the composer's standards Miss Norman took nearly everything too slow, but there were expansive compensations. Among the five "popular Greek songs" she made a sumptuous idyll of the fourth (the rest were mostly over-deliberate but charming), and in the *Kaddisch* setting her devotional fire must have carried even to listeners left in the dark about what the piece is.

Birmingham SO/Barbican Hall

Dominic Gill

The second concert on Saturday of the City of Birmingham Symphony Orchestra's adventurous season at the Barbican included a rare performance of Rakhmaninov's choral symphony *The Bells*. The conductor was Simon Rattle, whose instinct for romantic music is fine-cut and stylish enough to turn to convincing account even those pages of *The Bells* which are the purest overripe corn.

The orchestral playing was a delight. The Birmingham orchestra's strings are not especially large-toned, but they are beautifully flexible and varied in colour. The first movement's instrumental coda was given with haunting delicacy—as were the tiny Wagnerian reminiscences, sometimes no more than a fleeting harmony, of the second. John Shirley Quirk and John Mitchinson were the eloquent baritone and tenor soloists. The CBSO's choir were in splendid voice. The contribution of the soprano soloist Elise Ross was the performance's only serious blemish, a squally embarrassment, luckily confined to a single movement.

The other work of the programme was Beethoven's Eroica symphony. Rattle's direction was no less clean-cut and dynamic, and the orchestra responded well. But there was a tiredness in the air, perceptible in the rhythmic response, ever so slightly limp; and sometimes in a certain blandness of texture — some of the sparkle and energy, so noticeable in the Rakhmaninov, had gone out of the sound. But the performance had presence none the less, and a fine momentum. London must wait until January for the orchestra's next appearance, with a new work by Tristan Murail and Messiaen's *Turangalila* symphony.

BBC SO/Festival Hall

Andrew Clements

The BBC Symphony Orchestra opened its winter season at the Festival Hall on Sunday with a programme of Beethoven and Bruckner, conducted by Sir John Pritchard. Ten years ago such a traditional start to a BBC season would have been highly unlikely; but Pritchard's tenure as the Symphony Orchestra's chief conductor has been marked by a decisive return to the standard repertory.

Had the BBC's concerts simply become indistinguishable from those of its independent counterparts it would have been an unfortunate turn of events; there cannot be a justification for a public concert by the BBC SO which offers the same staple fare as that served up every other night by the big four symphony orchestras. But Sunday's choice of works demonstrated an attempt to find fresh slants upon apparently overworked and over-exposed music: the least performed of the *Leonora* overtures, number one, to begin, then a genuine rarity in Beethoven's *Choral Fantasy*, with Bruckner's imposing F Minor Mass taking up the second half.

There was no point at which either orchestra or conductor could be faulted for sloppiness or inaccuracy; neither did the music making ever seem less than tasteful. The problem was that it rarely became any more than that: it was too easy to see why Beethoven rejected the first *Leonora* overture as insufficiently dramatic for his purposes; here it lacked any hint of theatricality or dramatic tension. Similarly the *Choral Fantasy*, curious offshoot of the fourth piano concerto and prototype for the finale of the ninth symphony, seemed only an uncomfortable hybrid, studiously though Edith Vogel shaped the solo piano part, and tidily though the soloists from the BBC Singers and the BBC Chorus sang. There was no creative force prodding it into life and giving it a convincing shape.

Where excuses could be found within both Beethoven works for a lack of impact, there is less room for doubt in Bruckner's F Minor Mass. Much of the singing from chorus and a fine quartet of soloists was far more than adequate: but movements frequently began imposingly, only to tail off into dogged routine, or have their expression shaped like toothpaste squeezed from a tube. Of the stark blocks of sound that Bruckner envisaged and which brought the admiration of many of his contemporaries there were only a few hints.

Spanisches Liederbuch/Wigmore Hall

Richard Fairman

A masterpiece by common agreement, Wolf's *Spanisches Liederbuch* has found it difficult to curry favour with performers and audiences alike. Unlike the Mörike settings, this collection of songs has little in it of the artist or dramatist, few occasions to set scenes, paint pictures or tell stories. Each brief item, lasting barely a minute or two, is the expression of some abstract emotion, an elusive butterfly to be pinned down by the singer with absolute precision.

For Elly Ameling, who had given some of the Mörike songs earlier in the week, and her fellow Dutchman Ruud van der Meer in their Wigmore Hall recital on Saturday evening a selection of the songs provided a rewarding, if difficult programme. Both are experienced recitalists, fully equipped with the necessary technical mastery over vocal line and language, but even so some of the songs eluded their grasp.

It was perhaps inevitable that "Geh', Geliebter, geh' jetzt!" least typical of all with its quasi operatic scene of an anxious lover at dawn, would make the most positive effect. Elly Ameling is at her best in songs like this with a sharply defined nature. "In dem Schatten meiner Locken," dreamy and playful, also worked well. Yet other, purely technical problems fleck one's pleasure these days: she does not like being kept in the upper register of the voice any more and climaxes often show the strain.

No such difficulties inhibited Ruud van de Meer's singing of the man's songs. This is a sizeable baritone voice, capable of drawing back into the most sensitive and mellow of pianissimos for "Dereinst, dereinst, Gedanke mein," a tribute to love lost in death. But in the more outgoing songs precision was lost, the voice spreading in size, the manner riding roughly over rhythms and verbal accents that need pinpoint accuracy.

A mixed but valuable evening then, as the *Spanisches Liederbuch* rarely gets a recital to itself. For an encore, the two singers joined together in "Wer tat deinem Füsslein weh?", a good choice as it gave Rudolf Jansen the chance for a sparkling and witty accompaniment. His perceptive contributions were a major plus throughout.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Oct 4–Oct 10

PARIS

La Belle Hélène conducted by Yan Pascal Tortelier/John Burdekin in Jerome Savary's production with Sandra Brown/Madelyn Renee in the title role, Jerome Pruett/Georges Gautier as Paris and Marie-Christine Porta/Veronique Dietschy as Oreste inaugurates the new season at the Opéra Comique. (2960811).

LONDON

Royal Opera, Covent Garden: L'elisir d'amore, a Donizetti comedy that has become a Royal Opera staple in the last few years, comes back with an attractive cast, partly familiar (Rolando Panerai, Francisco Araiza), partly new (Marie McLaughlin, Gino Quilico); Gabriele Ferro conducts. Further performances of the new Zemlinsky Double bill, voluptuous late-Romantic one-acters inspired by Wilde; and last, for the moment, of Rossini's Barber with Thomas Allen a brilliant and engaging occupant of the title role.

WEST GERMANY

Berlin, Deutsche Oper: to complete the Ring cycle, Götterdämmerung is having its premiere this week, produced by Götz Friedrich. The cast includes Catarina Ligendza, Cheryl Studer, Brigitte Fassbaender and Rene Kollo. Also performances of Der Troubadour and Der Barbier von Sevilla.

Hamburg, Staatsoper: Die Entführung aus dem Serail has Karen Huffstodt, Lillian Watson and Kurt Moll in the cast, and Heseon Kwon is Queen of the Night in The Magic Flute. Jessye Norman will give a lieder recital.

AMSTERDAM

Amsterdam, Stadsschouwburg: The Netherlands Opera launches its new season with a double bill. Zemlinsky's Der Zwerg and Dallapiccola's Il Prigioniero directed by David Allen, sets and costumes by Frank Raven. Edo de Waart conducts the Netherlands Philharmonic, the Opera Choir under Johannes Mikkelsen. Casts headed by Neil Rosenshein, Thea von der Putten, Els Bolkestein, Jan Derksen (Tue). (242311).

ITALY

Rovigo, Teatro Sociale: La Traviata conducted by Tiziano Severini with the young soprano, Fiamma Izzo, in Carlo Cecchi's production. Also in the cast: Mario Malagnini and Luigi de Corato. (Fri, Sun, Tue). (25614).

Roma, Teatro Orione: Voci Nuovo nel Mondo – a new young company in Verdi's La Traviata conducted by Tullio Colacioppo (Fri, Wed); Puccini's La Bohème (Sat), Madame Butterfly (Sun), and Rigoletto (Tue). (77.69.60).

VIENNA

Staatsoper (5324/2655): Sylvia by Delibes and Seregi conducted by Richter with Stadler, Jaska, L. Kari, Birmeyer. (Fri, Mon). The Marriage of Figaro conducted by Schneider with Popp, Wise, Nafe, Lilova, Gyldenfeldt, Krause, Furlanetto, Wildhaber, Mazzola, Nitsche, Stajnc. (Sat, Tue). Donizetti's Maria Stuart conducted by Fischer with Baltsa, Gruberova, Gonda, Hadley, Rydl, Helm. (Sun, Wed). Tannhäuser conducted by Mund with Hass, Randova, Sima, Sotin, Koenig, Tichy, F. Waechter, Wimberger, Aichberger, Stajnc. (Thur).

NEW YORK

New York City Opera (NY State: The week features George Hearn making his City Opera debut as Hajj the poet in Frank Corsaro's production of Kismet. The week also includes The Mikado conducted by David Abell with Claudette Peterson as Yum-Yum, James Billings as Ko-Ko and Richard McKee in the title role. Lincoln Center. (8705580).

CHICAGO

Lyric Opera (Civic Opera House): The season of Madam Butterfly, Samson, Anna Bolena, La Traviata, I Capuleti et I Montecchi, Die Meistersinger and La Rondine opens with Otello. (3332244).

Fringe Comedy/King's Head

Martin Hoyle

The Covent Garden area is not alone in celebrating the Edinburgh Festival fringe. The King's Head Theatre Club in Islington is presenting its own pick of the myriad comic shows that graced Auld Reekie in the late junketings. The current double bill makes for a long and solid evening.

The first half consists of a stand-up turn by Helen Lederer, a flustered blonde with pale blue eyes, much given to nervous swallowing and apologetic giggles. Radio listeners may know her from the robust and often rude *In One Ear*, and will welcome that breathy self-deprecation, all unfinished sentences punctuated by the vaguely intoned "lovely" or the hasty "anyway" as she quickly passes on, glazed-eyed, from one ship-wrecked conversational gambit to the next.

With Miss Lederer style is all. When she attempts conventional comic routines the material is unremarkable but her delivery redeems much; notably as the simperingly terrified presenter of Breakfast TV asking a recently released prisoner of the KGB whether he likes gooseberries as an inane link to the next item. A promised M and S sexual fantasy turns out to be about Marks and Spencer. "Lovely, lovely," she falters in panic, her face freezing into resignation. As she puts it, "everybody went home happy. Well, they went home."

Only they don't. The second half of the evening comprises *The Preventers*, a show from Bad Lib, a likeable trio from the 1983 Cambridge Footlights revue. An early reference to a government paper on the arts entitled "The Treatment of the Garden with Napalm" promises much; but subsequently the story of an *Avengers*-type group out to foil the dastardly Aussie Roger Mordick, media manipulator and vulgarian, in his plan to reduce the British to zombies with TV never rises much above undergraduate humour, the wit spread pretty thin. The show seems to last twice as long as the material warrants. As I said, a long evening.

The European Grand Prix: another successful research project for ICI Fibres.

The Williams' team came 1st and 3rd in Sunday's European Grand Prix.
The winner, Nigel Mansell, was in an ICI sponsored car, and third was Keke Rosberg, one of ICI Fibres' Record team, a group of sportsmen and women who are helping us develop fibres and yarns, like Tactel and Terinda, specifically for sportswear.
Our aim is to improve performance, and judging by Sunday's result, we're succeeding.

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Tuesday October 8 1985

The Tories in Blackpool

THE BRITISH Conservative Party can hardly be in a happy mood as its annual conference opens in Blackpool this morning. The other three main political parties have all held relatively successful conferences in the past few weeks. The Tories have been doing badly in most opinion polls and in local elections. There is the continuing background of high unemployment and on Sunday night civil, if localised, unrest reached a new level of intensity in Tottenham, London. Still, the Tories are likely to remain in office for at least the next two years; the near-to-medium future rests with them.

Much of the last two years of Mrs Thatcher's administration has been frittered away by legislative irrelevancies, like the abolition of the Greater London Council. It is imperative that it does not make the same mistakes again: for example, the attempt to reform the rating system or social security benefits must not distract the Government from its central objectives.

There has also been some carelessness attendant on Mrs Thatcher's second term that was not present in the first: for instance, the banning of trade union membership at the Government Communications Headquarters in Cheltenham or the announcement of top people's pay awards through a written parliamentary answer. These may be isolated matters in themselves, but the effect is cumulative. The Government no longer has a great deal of stock to fall back on.

It is liable to the accusation, too, that it does not care enough about the victims of the radical social and economic change that it is trying to bring about: the unemployed, the poor, the homeless and the elderly. It is very much open to question how far the riots in Tottenham, Toxteth, Peckham, Brixton and Handsworth can be linked to the Government's economic and social policies. Clearly there are deeper factors at work, some of them purely criminal. Yet the impression is given of some simmering social discontent and of an administration that has lost its way—or at least its voice.

Mrs Thatcher said at the start that there were limits to Government power of which too much had been expected in the past. She was right. But there are also limits to how far a Government can sit back and abdicate when confidence dwindles. It is correct to use the law against violence in the inner cities or on picket lines. There are times, however, when it is also necessary to describe the wider vision of the society the Government is trying to build.

This week is one of them and the party conference offers an opportunity. There can be no going back on most of what Mrs Thatcher has done so far. Her administration loses its *raison d'etre* if it drops its original radical reforming instinct; there have already been too many concessions in that direction. But it is worth taking stock and explaining again what the economic and social policy is all about. It is about increasing competitiveness, both in the home market and abroad. Many of the measures required are micro-economic: they involve more competition in industry and the professions, greater mobility in the labour market and the ending of regulations that make it harder for change to occur.

Achievements

While it is necessary to stand up to special interest groups, some of the measures will hurt some people. It is not pleasant when a community dependent on an old industry breaks up. That is why the Government must show that there is a safety net for those affected by change which is entirely compatible with market economics. Indeed that is what the social market economy means.

On the specific issue of the riots the Government should now take the initiative and set up an official inquiry. Nobody is quite sure of their causes or why they take place where and when. It is in everyone's interest to have the fullest possible investigation. To rely only on trying to restore law and order helps neither the public nor the police.

More generally, the Government must stick to its radical philosophy; the worst response to its current difficulties would be a switch to compromise and consolidation. On unemployment, ministers must demonstrate that this issue is at the top of their priorities and that they are prepared to take innovative, even risky approaches for dealing with the problem. In spite of the genuine achievements of the past six years, there is a long way to go before the Government can claim to have fulfilled the promise set out in the 1979 manifesto, "to restore the health of our economic and social life;" a coherent and intelligible programme is needed to carry forward the restoration process.

Portugal's need for stability

THE VICTORY of the Social Democratic Party in the Portuguese election may just bring an element of stability to one of Europe's most volatile democracies, though the hope is, as yet, tenuous. The Social Democrats have served in every cabinet since 1980. They have also brought down more than one of them. Now that they will be playing first fiddle in the 16th government since the end, in 1974, of the Portuguese dictatorship they may be less inclined to rock the boat.

Since Portugal will join the European Community at the beginning of 1986, its stability and its ability to cope with pressing economic problems are matters of more than routine interest. The restrictive economic policy of the previous government, in which the Social Democrats served as junior partners to Sr Mario Soare's Socialists, has admittedly averted the collapse of Portugal's external finances which seemed to be imminent in 1983. The current account deficit of $3.2bn (£2.2bn) recorded that year has been replaced by near-balance: a deficit of some $200m is in prospect this year.

Pensioner

But a heavy price has been paid. Home demand has collapsed and the economy is in disarray. Tens of thousands of workers have at times gone without wages for months on end because their employers had no money to pay them. The law erects almost insuperable barriers to dismissals and, by a perverse symmetry, also makes it difficult to go bankrupt in law (though not in fact).

Great hopes are held out in Lisbon that membership of the Common Market will put things right. Indeed, Portugal can look forward to considerable net transfers from Brussels in one form or another. But the example of Greece, which also banked on largesse from the Community, should be a warning. The Greek economy is not doing well. Neither Lisbon nor the Community can be happy with the thought of Portugal becoming a pensioner of its European partners.

Avoiding this will be a difficult task under the most favourable circumstances. It will tax the abilities of the new Government to the full—always supposing that a phase of political stability gives it the breathing space needed.

For Portugal has undergone far more political upheavals since the fall of the dictatorship than have Greece and Spain, both of them countries in roughly comparable circumstances. Both got rid of dictatorships in the 1970s; both are on the periphery of Europe, like Portugal; and both are poor by European standards.

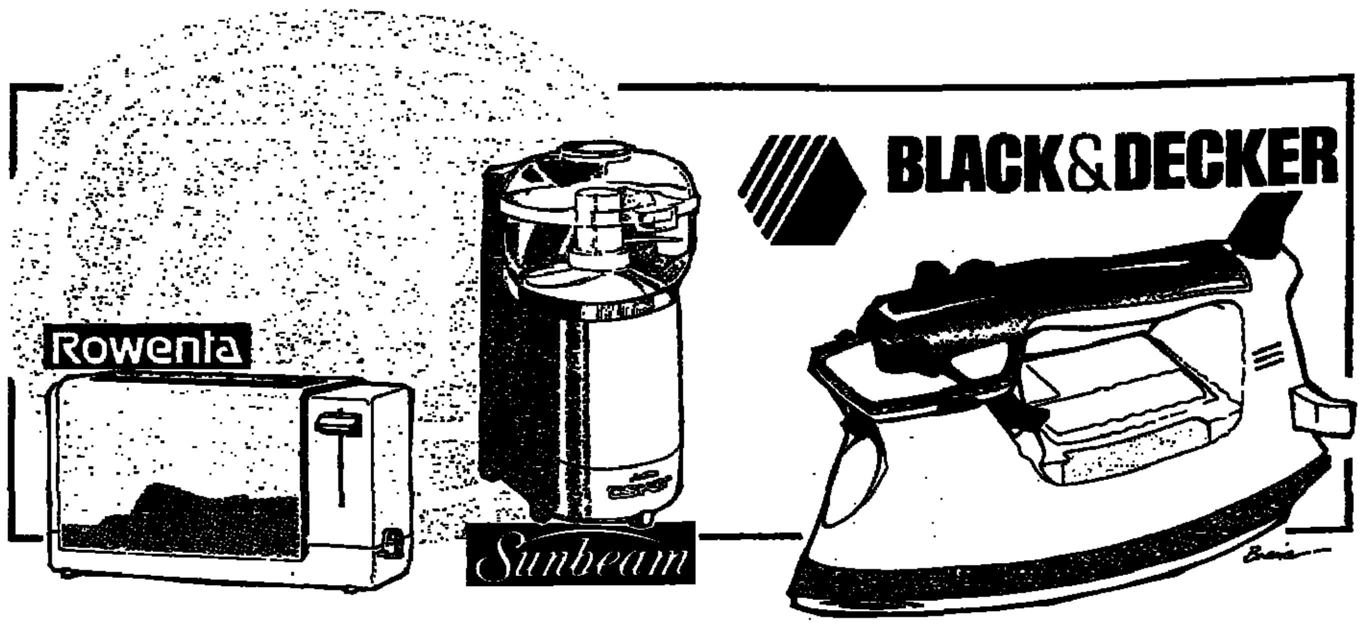
One difficulty in Portugal has been the built-in rivalry between an elected president and a prime minister responsible to an elected parliament. It has been accentuated by personal animosity between Sr Soares and President Antonio Ramalho Eanes. Something of the sort existed in Greece until Mr Andreas Papandreou cut the gordian knot this year by reducing the presidential powers. In Spain the different circumstances of a monarchy and the savoir faire of the King have prevented similar clashes.

Spanish politicians, and to a lesser extent those in Greece, were always aware that a renewed military takeover was on the cards, incentive enough not to let things get out of hand. In Portugal that danger was much smaller and, probably non-existent. It was the military itself that overthrew the dictatorship, which had clearly outlived itself.

That said, it is legitimate to ask whether the Portuguese electorate will continue for ever to tolerate the obvious inefficiencies of the present system.

Whichever new government now will emerge, therefore, has every reason to concentrate on the economy and on the many rigidities that are holding it back, rather than on the personal rivalries that played so big a part in the campaign now concluded. Unfortunately the need to hold presidential and local elections within the next three to four months may prove too much of a distraction.

EUROPE'S SMALL APPLIANCE MARKET



Now the Americans prepare to strike

By Christopher Parkes

EUROPE'S manufacturers of small appliances—toasters, mixers, irons and the like—have for years been tuning an ear to the East, listening for the approach of Japanese competitors. But they have been using the wrong ear: the sounds of invasion are coming from the U.S.

Although its domestic market is virtually saturated, recent rapid changes in the structure of the U.S. industry have resulted in the emergence of a new breed of powerful manufacturers with global ambitions.

Allegheny International, the matches-to-machine tool conglomerate, and Black and Decker, the power tools specialist, are on the offensive with wide and innovative ranges of household appliances designed and built for global markets.

Already locked in combat in the $10bn-a-year U.S. market, they are due shortly to do battle among the scattered forces of the European Community, where powerful names like Philips, Krups, Moulinex, Braun and Morphy Richards hold sway in a saturated, over-populated market characterised by sluggish innovation and perilously low margins.

Rowenta, one of Allegheny's brands, is already well established at the top end of the European business with its wide range of appliances including hairdryers, toasters and kettles, and Sunbeam, with an equally wide range, is regaining ground, particularly in Britain.

While there are hundreds of appliance manufacturers and importers battling it out in the EEC, the U.S. industry has recently undergone a rapid transformation: all the major names have changed hands in the past three years. It started in 1982, when Allegheny took over Sunbeam Corporation, one of the biggest makers of portable appliances. Famous names like Proctor-Silex, Toastmaster, West Bend and others have all since gone to bigger groups.

But the biggest shock came last year when Black & Decker broke out of the workshop and garden and paid $300m for the small appliances arm of General Electric, the biggest name in the U.S. market with a leading share in most product sectors.

The critical part of the deal was an undertaking to replace the GE label with the Black and Decker logo by 1987. "It was unique. The most momentous move in the history of the business," says Tom Albani, formerly with GE and now enthusiastically heading Allegheny's North American appliances division. The size of the takeover alone was significant enough, but, Mr Albani points out, no one had ever attempted a brand transfer on such a scale. To compound the difficulties, B and D was scarcely known in the appliances business.

He recalls from his days at GE, when Sunbeam was taken over by Allegheny, sending a memo pointing out that Allegheny would be "destabilised" while it digested its acquisition. The time was ripe for an offensive to extend further GE's share of the U.S. market for toasters, irons and food mixers.

He sent a similar note when he joined Allegheny, pointing out that this time Black & Decker would be unstable as it attempted to absorb its new subsidiary, switch the brand and at the same time defend GE's former market share. The moment had arrived, he said, for Allegheny to take advantage and hit the market hard with its Sunbeam, Rowenta, Oster, Northern and Victa brands.

Black & Decker's "destabilisation" had coincided happily with the resolution of Allegheny's problems in absorbing Sunbeam. AI had closed five factories in the U.S. and two in the UK. The workforce had been cut, antiquated lines discontinued, and the company was ready to go on to the offensive.

Sunbeam's U.S. sales had increased by 15 per cent in 1984 after five years of decline, and the company was poised. In the second half of this year the company is spending $42m on promotion in the U.S.—more than its budgets for the past five years put together. Nor have Black & Decker's travails been lost on other competitors. Hamilton Beach, strong ~~in food preparation equipment~~, has trebled its annual advertising budget to $10m.

Scattered forces of the European Community

The aim, shared by all other manufacturers in the market, is to carve up the GE legacy while B & D struggles to transpose its brand and, with a three-year, $100m promotion, to persuade retailers and shoppers that the company which made the popular drill will do as good a job with a toaster.

Consumer awareness of the GE brand in the housewares business was 82 per cent. Sunbeam claims 39 per cent recognition, and says that while B & D is almost universally known as a tool maker, it registers only 6 per cent awareness in appliances, even though last year's $431m of sales in household goods almost matched those of consumer power tools, and accounted for 28 per cent of total sales.

Mr Albani claims Sunbeam's assault is already producing results. While overall U.S. factory shipments of small appliances are down by 10 per cent so far this year, deliveries from Sunbeam are up by 4 per cent, he says.

Bill Maeyer, in charge of small appliances at the Dutch Philips group, possibly the only European corporation with the muscle to out-punch the Americans, offered a more specific example: "GE had 50 per cent of the U.S. market for irons. We started manufacturing there six months ago and from nothing we have built up a 7 or 8 per cent market share. Next year it will be 14 or 15 per cent." The implication is that a company which makes a determined effort can make significant inroads into Black & Decker's business.

Laurence Farley, president of Black & Decker, is unabashed. The brand switch is already one-third complete and accelerating, he says. Many products have been redesigned and are selling well into stores and homes.

Gifts, bought by women for men, account for some 40 per cent of all B&D consumer power tool sales, Mr Farley claims. Research in Europe and the U.S. has shown that most women associate the brand with quality, reliability and a keen price.

The key to the company's strategy lies in its reputation for innovation. The Workmate handyman's bench, a rapidly growing rangeof cordless power tools and more recently, the Dustbuster — a reschargeable handy-sized vacuum cleaner — have all flourished in world markets. Last year new products, five years old or less, accounted for 34 per cent of the group's sales.

The company spends 2.5 per cent of turnover on development. In a saturated, competitive market like that for appliances, margins are slender at the best of times. But considerable premiums can be earned.

Sunbeam, which follows much the same innovation track as B&D, and has launched 50 products in the last five years in the U.S., has just brought a mini-food processor to the U.S. First launched by its Rowenta subsidiary in West Germany, then introduced into Australia, the Oskar appeared in U.S. shops last June. In Britain it retails at about £30. In America its novelty value allows the company to sell it for anything up to £45.

A new iron with a "memory" which switches itself off automatically, came originally from Australia two years ago. It is already on sales in the U.S. at a $10 premium to other steam irons, and the company is gearing up to introduce it across Europe.

Tony McCann, president and managing director of Sunbeam International Group, and the man at the head of the group's assault on Europe, cites the Oskar and the iron as prime examples of global products. Spawned in one key market and modelled and adapted to suit most Western requirements, they fit unfilled niches

Speed is vital. Sunbeam aims to translate ideas into products in one year and to go global where possible in two years.

Mr McCann, and Christopher Lewinton, his global marketing mentor, take a cautious tack when discussing the prospects for the European market. There is, they acknowledge, a limit to the scope for globalisation.

"The U.S. is the only place in the world with one economy, one culture, one set of federal rules, one tax base, one electrical standard and one consumer culture," says Mr Lewinton, head of the parent company's international group. "Californians might find that last one offensive, but it's true."

Europe has a long way to go before it achieves that sort of cohesion. Fragmented or not, as Mr McCann notes, the European small appliance market, including vacuum cleaners and microwave ovens, is still worth about $10bn a year. It is inevitable that competition should arrive, says Mr Maeyer. "Any large multinational will have to use the world as a battleground."

There is a long catalogue of the causes

Allegheny's main European thrust is at present concentrated on the continent. In the last two years it has invested in Rowenta at the rate of 5 per cent of turnover, more than double the rate before. Promotion spending has risen from 3.5 per cent of turnover to 7.5 per cent, according to Mr McCann, with a special effort being made in the UK.

Particularly strong in West Germany, France and Italy, Rowenta has registered about 40 per cent sales growth a year for the past two years. Sunbeam, having shed its British manufacturing base, relies on sourced products, mainly from Europe. It will shortly unveil a range made by Girmi in Italy. Far East sources, particularly Hong Kong, can no longer compete on either quality or price, says Mr McCann.

Black & Decker, despite its troubles at home, is pressing ahead with the "invasion" Mr Farley announced earlier this year. A beach-head is being established in the UK this month with a conventional range of products mostly sourced in Europe.

Several more waves, including cordless and innovative lines, are due in next year, when the company will also start attacking the more sophisticated French, Italian and Benelux markets with more costly innovations. The company acknowledges that West Germany will be a tough market to penetrate, with high-quality brands like Krups, Braun and Rowenta dominant.

It already has manufacturing bases in Italy, France and Germany, but it is still on the acquisition trail.

Despite its renown as an aggressive marketer, Black & Decker seems to hold few terrors for the leading European makers, although there is concern that the battle in the U.S. with Allegheny may spread west.

"If they come with innovative products, they should be able ot find a place. As long as the advertising and promotion is orderly, it will be good for the whole business, creating consumer awareness in the appliance industry and putting us on the alert," says Philips's genial Mr Maeyer.

But he is far from putting out the welcome mat. "Naturally we have a strategy. I have no intention of giving away one point of our market share," he adds.

The European Commission does not appear to share this sanguine view. It recently took delivery of a grim five-volume study of the EEC appliance market ordered in the light of "serious structural and conjunctural problems."

The catalogue of causes is long, and includes imports, failure to invest in new plant, failure to innovate, government rescues of ailing companies and mistrust among competing manufacturers.

The market has also been distorted by increased imports from Spain, mainly in the food preparation sector.

The report concludes that the European small appliance market "is wide open to manufacturers worldwide." Armed with their aggressive innovation policies, economies of scale and promotional budgets many times larger than any European maker, the Americans seem set to knock out the Far East and other exporters.

Mr Maeyer's contention that the competition will be good for the European industry, seems to ignore the plight of the many hundreds of small companies toiling in the marketplace. They are mostly under-capitalised, often in private hands, work on low margins and lack the investment needed for innovation.

According to one senior Black & Decker executive, the process of restructuring so recently witnessed in the U.S. and which is already changing the face of Europe's major appliances industry, is slowly getting under way in Europe's mixer, toaster and iron-business. "It may take as long as 20 years, but in the end there will be maybe half-a-dozen left."

Yorkshire claims oldest company

No sooner has Stora, the Swedish paper group, eliminated one British challenge to its title of the oldest company in the world than another has emerged.

As I noted the other day, Stora celebrates its 700th anniversary in 1988. And though the Guinness Book of Records lists the Faversham Oyster Fishery company as a century or so older, inquiries by Stora's chief executive Bo Berggren, suggest it went out of business in the 1940s.

But GKN chairman, Sir Trevor Holdsworth, has now laid claim to the title for one of GKN's subsidiaries, Kirkstall Forge in West Yorkshire.

The forge was started by a small band of Cistercian monks who founded Kirkstall Abbey in 1151. The exact date of the opening of the forge is not certain, but it must have been in operation in 1200 when a mill race was constructed to drive the forging hammers.

From then on, its history is fairly well documented. It passed from the ownership of the monks in 1539 when Henry VIII dissolved the monasteries and for the next 400 years was owned by various families.

The Butler and Beecroft families took over in 1779 (thanks largely to the driving ambition of a woman, Betty Beecroft) and a Butler was still running the company five years after it went public in 1949.

GKN acquired the company in the 1960s. There is still a drop forge there today, though its principal activity is making heavy-duty axles.

Bill of fare

Some names in the Merrett syndicates at Lloyd's, landed with 1982 losses of £17m, will apparently have to go hungrier than others.

One disillusioned member reported yesterday that he had gratefully accepted Merrett's invitation to a meeting and lunch at London's Tower Hotel on October 25.

Men and Matters

"Are you here as a delegate or just to promote a book?"

Another letter a few days later informed him that so many members had accepted that an overflow meeting would have to be held at another hotel near Heathrow. Would he like to go there instead for his lunch?

He dashed off his acceptance —and got another letter to say that so many names had again responded that though he could go to the meeting, he would have to forgo a meal.

He already knew there was no such thing as a free lunch, he says. Merrett did not have to go to such lengths to prove it.

Base rate

U.S. dominance of world sports, already dented in golf, tennis and yachting, has taken another knock. The Toronto Blue Jays at the weekend became the first non-U.S. team to win a major baseball league.

By beating the New York Yankees, the Blue Jays earned first place in the Eastern Division of the American League. If they beat Kansas City, the Western Division winners, they will become the first team from outside the U.S. to compete in the so-called World Series.

Canadian pride at having a team of baseball champions ignores the fact that every one of the Blue Jays' players comes from the U.S. This means that the drop in the Canadian dollar over the last few years has given the Toronto team even more financial headaches than most other baseball franchises.

While the bulk of the Blue Jays' revenue from tickets and TV rights is earned in Canadian currency, its players—with salaries as high as $1m a year —want to be paid in U.S. dollars.

With the course of financial markets so relevant to the team's well-being, it is perhaps just as well that Canada's third largest bank, the Canadian Imperial Bank of Commerce, is a substantial shareholder in the Blue Jays.

Bench mark

Clarity often has to be sacrificed to compromise in the judgments of the European Court of Justice. The fact that, despite this tendency to confusion, it has become perhaps the most effective of European institutions owes a great deal to one man—Pierre Pescatore, who retired from the bench yesterday.

An academic and former high-ranking diplomat who took part in the negotiations for the Treaties of Rome, Pescatore has been the Luxembourg member of the court for the past 18 years. He is succeeded by former civil servant, Fernand Shockweiler.

Pescatore has brought a disciplined and analytical mind to the issues before the court—and a remarkable gift for languages to expressing its judgments.

He is fluent in French, German, English and Spanish as well as his native Letzebuergesch, and has more than an adequate understanding of Italian and Dutch.

Court watchers may continue to discern his influence in its future decisions. His parting gift has been a revised and up-dated style manual for the use of judges, officials and translators in drafting judgments.

With characteristic thoroughness, Pescatore deals not only with the minutiae of capital letters and case citations but also with the wider issues raised by the increasing use of computers and the necessity of delivering judgments which are comprehensible in the seven (soon to be nine) official Community languages.

Outpost

Despite the unemployment rate, there are some jobs, it seems, which are just too much of a challenge to tackle.

Scunthorpe, the Humberside town with six square miles of steelworks—about a third of them redundant—has been advertising nationally for a tourism officer.

Part of his duties would have been to promote the town as a place to take a get-away-from-it-all weekend (though a TV commercial for the town a couple of years ago had to resort to a few scenes from Leeds to enhance local attractions).

Now Scunthorpe council's leisure and arts officer, Ian Reekie, has admitted that there have been no applicants for the £13,000-a-year post.

Collect for the day

"Keep the Sabbath" urges a poster outside a Glasgow church; to which someone has added: "And anything else you can lay your hands on."

Observer

Letters to the Editor

Profits in sterling terms

From the Group Treasurer, Metal Box

Sir,—I felt that I had to respond to the Lex Column (September 23) about Fison's policy of hedging its profit translation exposure, as it appeared to me that you have drawn the wrong conclusions from each of the three major points made.

You suggest that it is wrong to use the option market to hedge translation of profits because by paying for the option the treasurer is using a cash resource to hedge a non-cash item. If we assume that a company is making profits at a margin of 10 per cent on sales, option cover can probably be bought for between .3 per cent to .4 per cent of sales revenue, which is surely a small amount of cash compared with the benefit of preserving profits in sterling terms.

Arguably the treasurer should hedge his total dollar cash flow rather than profits but this choice will depend upon the relationship of cash to profit which varies from company to company and other corporate objectives.

If the hedge had been taken out in the traditional forward exchange market there is a risk of significant cash expense because in the event of the currency moving in the opposite direction than that projected then the losses would have to have been met out of hard cash.

Most companies set annual budgets that assume rates of exchange prevailing at the start of the budget year. They also frequently set aside contingency funds in the budget to care for unexpected items. What can be more logical than spending some of the contingency in buying option protection for declining exchange rates.

You assume that declining sterling profits caused by unhedged dollar profits need nothing more than an explanatory note for shareholders. A clear statement in the accounts showing the difference between translation effects and underlying performance is likely to be helpful but suggests that companies can absolve themselves from the responsibility of maximising their returns in their domestic currency.

Will the shareholder, in the event of a dollar decline, happily accept his dividends in dolars rather than sterling? or will he be complacent about declining dividend cover; I doubt it. Management is about maximising profits, cash flow and shareholders funds in a volatile and competitive market place. Exchange rate movement is just another economic variable that must be managed with the best tools that are available.

You also suggest that forecasting foreign exchange rate movements is close to a zero sum game, however, a quick check through at the 10K returns of any of the major New York banks will reveal the very substantial contributions made to profit by foreign exchange trading and, as they will happily admit, these profits do not come from the difference between bid and offer but from correctly anticipating major rate movements. The dollar has been over valued for some time, a policy of protecting dollar based profits is surely just simple business prudence.

Any company that decides to invest on an unhedged basis in high inflation or weak currency countries is very likely to see its shareholders vote with their feet. The profit translation hedge via options is just one of many techniques that can be used to solve the problem. Naturally the effects of a sustained devaluation over a period of years is almost certain to be reflected by losses on translation but options will delay it and help to iron out short term movements.

David J. Westby,
50 Sutherland Chase,
Ascot, Berks.

Bad news on goodwill

From Mr A. Tolley

Sir,—Once again financial illusions are touted as likely to impact share valuations—Lex: "Bad news on goodwill" (October 4). The argument over changes in accounting policies has long been settled with reference to inventories as having no effect, and for the same reasons, goodwill accounting will also have no impact. Analysts will continue to see through these changes, by adjusting the reported information, and using cash flows which are not affected by these policies. This is a non-problem for the professional analyst.

Alex Tolley,
Grenfell & Colegrave,
35-51, Moorgate EC2.

It pays to car-tax dodge

From Mr P. Kreamer

Sir,—While I was pleased to read the announcement of a crack-down on tax dodging motorists (October 1) frankly I don't believe it will make any difference at all. Quite simply it is more cost effective for the motorist not to pay his annual road fund tax. This was pointed out to my wife by a local policeman when she drew his attention (more than once) to unlicensed cars parked in our village.

It apparently takes so long for information supplied by the police to be acted upon by the authorities and the courts that it is on balance cheaper to persistently offend. Your figures seem to bear this out. £18.25m recovered divided by 290,000 offenders equals £63, little more than half the annual licence fee.

Until the fines are greatly increased and the task of catching offenders subcontracted to a commercial organisation on a payment by results basis the offence will remain profitable.

Peter Kreamer.
39, Bell Lane,
Eton Wick,
Windsor, Berks.

Advertising on the BBC

From Mr B. Marley

Sir,—Chris Dunkley raises some very good arguments in his new book — Television Today and Tomorrow — Wall to Wall Dallas? (reviewed by Brian Wenham on September 28) which, while in the main pertain to the coming of satellite and cable are also of relevance to the question of whether or not the BBC should take advertising. He is particularly scathing about the BBC's hypocrisy, crying about the danger of falling standards on the one hand and lowering them itself on the other. The classic example recently of the BBC's double standard in this matter is, of course, introducing wall to wall Wogan and the Eastenders, all in order to capture larger audiences. This felony has just been compounded, football style, by the "transfer" of Roland Rat from TV-am to the BBC. Bearing in mind what the BBC said about Roland when TV-am used him so successfully to overhaul Breakfast Time in the audience stakes, this is an act of the most cynical hypocrisy.

The basic question is whether or not the BBC needs to sacrifice standards to win audiences, whether that need is based on competing against cable and satellite for viewers or against ITV for advertising revenue. Dunkley gives in his book many examples of how the BBC (and ITV, too!) have won big audiences while still producing award-winning programmes. The examples are too numerous to mention, and not all depend on spending vast fortunes.

I believe the BBC has the integrity to produce programmes aimed at winning both audiences and prizes, given adequate funding. It has already demonstrated this on TV and continually demonstrates this in TV journals, where Radio Times is more cerebral than TV Times and could clearly take more money, if it chose to do so!

So what is the fuss all about? The public is already showing that it will not pay for the upgraded cable systems that are developing. It will be a long time before "new-build" cable reaches us in a big way, if ever. Satellite is a long way away (who leads the field in dish technology research?—why, the BBC!), so the status quo is fairly safe anyway for at least ten years, unless the BBC is allowed to take advertising soon. If introduced in the way suggested by the Institute of Practitioners in Advertising in its submission to Peacock, i.e., gradually, the BBC will not be entirely dependent on advertising for funds and so need not begin a lemming-like rush towards wall-to-wall Dallas. By increasing its revenue base in this way, it will then be geared up to take on the new technology, whenever it arrives, by maintaining the standards from which it has gained its worldwide reputation.

Of course, all of the arguments against the BBC's perceived need to lower standards in order to survive also apply to ITV, which has shown recently how to have the best of both worlds with quality (of programme) and quantity (of audience).

If, as seems likely, cable and satellite veer towards specialist channels (after all, we in this country have already seen Dallas, Vegas, Fantasy Island et al, so why pay to see repeats?), then there is no reason why either channel should have to lower standards. Each will be able to produce a "mixed" schedule aimed at a general audience. Look at Channel 4—a fine example of something for everyone, with low running costs behind it all.

Perhaps that is what the fuss is all about. The arguments being aired are based on neither logic nor experience. Both ITV and BBC however, will undoubtedly have to lower costs on the production side to a certain extent in order to compete, particularly with ads on the BBC (which must surely come). We can all readily imagine the Fleet Street style bloodbath that might cause.

Bob Marley
(Deputy Media Director).
Lonsdale Advertising.
Hesketh House,
Portman Square, W1

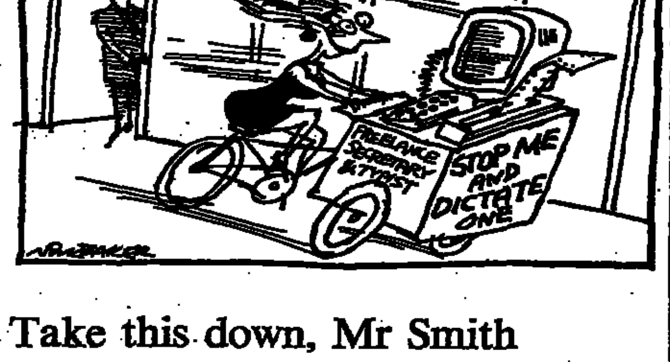
Hourly rate for solicitors

From Mr A. Kaufman

Sir,—I would like to add my support to Mr Robson's lucid and generally accurate assessment of what is involved in commercial litigation (October 2). I particularly endorse his view that clients must continually have in mind what they need to spend on the litigation, both in terms of money and effort.

I am, however, surprised that Mr Robson thinks most solicitors "are not prepared to work on an hourly rate basis." More and more litigation work is costed mainly on a time basis and indeed I think it is the duty of all solicitors when taking on a case to explain precisely how they would charge for the matter, which lawyers will be dealing with the case and what are their respective hourly rates. Clients should insist on such information being given at the very beginning if not offered voluntarily. Even though it is difficult to give proper estimates of what a case is going to cost because of the uncertainties inherent in all litigation, at least clients will definitely know how much they are paying for every hour of work done by the solicitor.

A. Kaufman,
Forsyte Kerman,
79, New Cavendish Street, W1.



Take this down, Mr Smith

From Hilary Whates

Sir,—I was particularly interested in the figures uncovered by Dictaphone reported as "The cost of sending a letter" in your office equipment supplement (September 30). Avowedly they illustrated the relative cheapness of machine dictation. Equally striking to my eye they showed the crippling costs of office overheads in the secretarial environment. Even on the optimistic assumption that the hardware is in "reasonably constant use throughout all working days," overheads still account for between 46.4 per cent and 51.7 per cent of total cost. For a business of any size this must be a significant competitive handicap. To the growing legions of small and one person enterprises, whose secretarial and administrative needs are of necessity likely to fluctuate widely, it could prove fatal.

The future of work is likely to see an increasing trend towards the break-up of central services and their devolution to contract concerns but there has been some reluctance to date to embrace the concept in respect of secretarial support. The quoted figures show that even on equal terms the financial case is strong. Add in the flexibility offered by the concerns that also offer a service outside normal office hours and it surely looks overwhelming.

Hilary Whates.
15, Queen Catherine Road,
Steeple Claydon, Bucks.

Post Office postage rates

From the Director of Public Relations, Post Office

Sir,—Jon Moggridge (Survey, September 30) is clearly way off the mark with his comment on postage rates.

Basic inland second class post will be cut by 1p on November 4 from 13p to 12p—making it cheaper than for almost four years. It was last increased—by just ½p—in September 1984 after 2½ years of price stability.

First class inland postage, which also went up in September 1984 after almost 18 months, has been frozen until at least the end of next March, along with all the higher weight step second class rates. Our inland stamp rates are the cheapest in the EEC, with the exception of Greece.

Clearly there is no justification for Mr Moggridge saying that hardly a month goes by without the Post Office putting forward one reason or another for increases.

We will not even be looking at our prices again until early next year. Whether or for how long we can continue to hold them will depend on our performance in the market place, continued success in reducing costs, the general economic situation and financial targets yet to be determined by Government.

Alan Feinstein,
33, Grosvenor Place, SW1.

Rates reform and farming

From Mr P. Richardson.

Sir,—Your editorial (October 3) on the subject of rate reform referred to the "over-protected farm sector" which should pay more. The presumption is that farmers (who do pay rates on dwellings) should also pay on farm buildings in line with other industries. This is the attitude taken by Mr Teddy Taylor MP in his campaign to rate agriculture.

Such a method of rating would, however, be patently discriminatory. While it is difficult to argue against extra rating of the whole industry, the only fair way to do it would be to rate farmland as well as buildings. The land is our "factory floor"—but in correspondence with Mr Taylor, I have been told that such a system is excessively cumbersome and the principle of rating a "speculative asset" is not regarded as proper.

Yet if rating were to be limited to farm buildings only, the sectors of agriculture which would be most severely hit would be those receiving least public support. The intensive livestock industry would be especially affected, and would carry the burden for other sectors of the industry.

A further difficulty would arise from pressures to demolish many scenically attractive but productively sub-standard buildings, were they to be rated.

It is important to establish that one patently flawed system of rating is not replaced by another which is equally flawed.

Philip Richardson,
Manor Farm,
Downham,
Wymondham, Norfolk.

September is a cruel month

From Mr J. Pugh

Sir,—I have been following the controversy following your publication of the article "Why September is such a cruel month" with interest, having just completed my UCCA form and my Oxford entry form. While I agree that many people will not benefit from the form of classic degree on offer from the universities, I find the sentiments expressed by Mrs Mallett in her letter of October 3 somewhat extreme and outdated.

It is certain that many people of ability will not produce the A level grades required for entry, for whatever reason, be it illness or mere frustration with the course being followed. Many will also not have the opportunity to study beyond O level. Are we to deny these people the chance of continuing education on a full-time basis merely because they have not performed well enough by conventional standards?

Why have people who have managed only one or two A levels "reached their potential at a lower rung of the ladder"? Are those who follow one career path all their life restricted in the same way? Surely those who have performed excellently in their chosen specialised fields ought to be provided with the opportunity for higher education to degree level? It is not enough to say that past performance can be the only criteria for university admission, and that the rest can merely study with the Open University.

Perhaps the best compromise has been achieved by Oxford, where a pre-A level examination is sat with the intention of assessing potential ability. It is well known that A level grades may conceal facts about a candidate, somebody may have spent the previous year working very hard and end up with Cs and Ds due to bad luck, despite having the aptitude to attend university. Assessment by either interview or examination by the universities, by acknowledged experts who know what they are looking for, would seem a preferable way of sorting out the sheep from the goats, rather than merely looking for the conformist who produces a string of good A levels.

Jonathan C. R. Pugh.
The Bungalow,
Bryanston School,
Blandford Forum, Dorset

The Tories' Conference

The vexed task of reassuring the faithful

By Peter Riddell, Political Editor

Mrs Thatcher, at the Brighton conference last year

ARTHUR BALFOUR, the Edwardian Premier, said he would sooner take advice from his valet than from the Conservative Party conference.

Eighty years later, the Conservative conference may still have a marginal influence on policy-making, but it does matter. As the annual conference starts in Blackpool this morning, party leaders will be anxiously gauging the mood of the rank and file, following a series of setbacks in last May's local elections, a fall in the party's poll ratings since the winter, the success of the opposition parties' conferences, and serious internal disagreement over rates reform, particularly in Scotland. There will also be pressure in fringe meetings from the "wets" over unemployment and a good deal of noise offstage with the publication of the diaries of Miss Sara Keays, whose relationship with Mr Cecil Parkinson caused him to resign from the Cabinet two years ago.

But, above all, the Tory leadership will want to reassure activists that there is no drift and the Government has a clear sense of direction. At present, there is a sense of unease. Mrs Thatcher's task is to ensure that normal mid-term uncertainties do not develop into a deeper gloom about the party's prospects.

These matters will be debated this week in a more polite and restrained way than at the other party conferences. This is partly because, constitutionally, the Tory conference does not decide policy, which remains the sole prerogative of the leader. Moreover, no minister is likely to stride angrily off the platform during Mrs Thatcher's speech on Friday, as Mr Eric Heffer did during Mr Neil Kinnock's attack on the hard left last Tuesday. Nor is the Prime Minister likely to be booed and called a liar by party activists. Most criticisms in Blackpool will be expressed away from the conference floor and in coded language (no talk of class traitors in the party of One Nation).

The Conservative conference is different from the others because the party is essentially a tribe (with a membership more than double the total of the other main parties) drawn together out of common identity rather than ideology. Its members are loyal to the leader while there is success but are brutal if he or she fails.

Their instinct is not to rock the boat. The activists (called representatives, never delegates) come to the conference to enjoy themselves, to observe and applaud the mighty and to express views on a few issues of the day. Any outspokenness is generally directed outwards, at criminals, socialists and trade unionists, rather than inwards at the leadership.

The natural self-restraint of the Tory tribe and the constitutional impotence of the conference give the leadership an opportunity which their rivals can, and do, envy.

Everything is carefully arranged to avoid any upset or impression of division. The agenda is a model of blandness. Motions for debate (1,020 this year) are picked from those submitted by local constituency associations by a committee of party managers and voluntary activists. Awkward subjects are not avoided but the motions are generally so anodyne that it is impossible for any Conservative supporter to oppose them. And difficult debates on, say, law and order are deliberately put on first thing in the morning before passions are aroused.

One motion this year applauds the Government's vigorous privatisation programme, while another urges the Government to continue its fight to reduce inflation. A favourite device of speakers wanting to be called is to oppose the motion on the grounds that it does not go far enough.

Other motions beg the question. For example, the conference will be urged tomorrow to demand that the Government gives further urgent consideration to removing the manifest inequalities of the present rating system. No-one in the Government disagrees but the question of how to do so is causing much anguished debate among ministers. None of the motions suggesting possible solutions has been called for debate.

Similarly, grass-roots discontent about the Government's recent problems will be neatly diverted into a debate about party policy and public relations. Again, none of the critical motions has been called. The conference will be asked to reject "the attitude which accepts mid-term doldrums and instead resolves full support for Government policies, energetic campaigning on the doorstep, effective use of regular newsletters and energetic MPs devoting a great deal of time to constituents' needs." Mr Norman Tebbit, the new party chairman, should have little trouble in answering that one.

Speakers are carefully selected to provide balance. Trade unionists, Asian entrepreneurs, the unemployed and the young will no doubt all be called this week and a full range of regional accents will be on display. This is not just a gimmick; the Tories do have a broader range of social support than any other party. Yet the selection is not accidental and most representatives will happily acquiesce. A ginger group called the Charter Movement which has urged a more open conference has attracted little support.

For political aficionados the main interest will be in any hints of policy initiatives from ministers replying to debates. But these will be limited ahead of the Cabinet's public spending decisions. Unlike the Labour conference where Mr Denis Healey, in common with other Shadow Cabinet members not on the national executive, was restricted to three minutes, ministers have time to make an impression.

Any licensed and cautious dissent will be expressed in fringe meetings, almost invariably in overcrowded hotel rooms and restaurants. Mr Peter Walker, Mr Michael Heseltine and other ministers are due to appear under the banner of the "wet" Tory Reform Group. Ex-ministers such as Sir Ian Gilmour make their criticisms in fringe events, seldom appearing in the conference building and almost never speaking. Similarly, Mr Edward Heath will hold court a few miles outside Blackpool, commenting sardonically on where it has all gone wrong.

These murmurings are of no great concern to the party leadership unless the criticisms are too loud or too sharp. For them, what matters is on the conference floor in front of the cameras.

Above all, the party managers want to avoid the dramas of the last two years—the Parkinson resignation of 1983 (now revived with Miss Keay's diaries) and last year's bombing in Brighton. They will be satisfied if some of the considerable, private doubts of the activists have been eased and if a new sense of direction has been given by Mrs Thatcher when she sits down after her standing ovation on Friday afternoon.

FINANCIAL TIMES

Tuesday October 8 1985

David White in Lisbon analyses the election triumph of Portugal's centre parties

Radical change in the political scene

THE POLITICAL scene in Portugal has changed radically as a result of Sunday's general election. But the outcome, with PSD, the Social Democrat party, taking the upper hand at the expense of its former Socialist coalition partners, and the emergence of a large, new and ill-defined party, is far from clear.

The initiative has passed to 46-year-old Sr Anibal Cavaco Silva, a former Finance Minister who re-emerged only five months ago to assume the PSD leadership and who made the election necessary by pulling the party out of the Socialist-led coalition presided over by Sr Mario Soares.

Sr Cavaco Silva's chances of surviving in parliament depend, however, on PRD, the Democratic Renewal Party, linked to General Antonio Ramalho Eanes, President of the Republic, which has leapt from nowhere to third place in the polls, ahead of the Christian Democrats and the powerful Communists.

For, even if it struck up a fresh alliance with the Christian Democrat CDS, with which it was in government before the last election in 1983, the PSD would still be short of a majority in the 250 member Assembly and hamstrung in its attempts to introduce a new economic programme.

Sr Cavaco Silva has had a short but surprising political career. At the time of the 1974 revolution he was doing postgraduate economics studies at York University in England. Five years later he was unexpectedly named to the centre-right government of Sr Francisco Sa Carneiro, who died the following year.

Rather stiff, with none of the easy charm of the last two Prime Ministers, Sr Mario Soares and Sr Francisco Balsemao, Sr Cavaco Silva is the son of a petrol station owner in the Algarve and the very image of the upwardly-mobile middle class. Recently it has seemed there was no stopping him in achieving his second political surprise.

His campaign, compared by some with the actions of a bull let loose, has united the eternally divisive PSD behind him. He has managed to saddle the Socialists with the blame for Portugal's depressed economic state, even though the PSD was a minority partner in the last government and a majority partner in the previous one, under which Portugal lost control of its foreign debt. Drastic austerity measures under the supervision of the IMF, were the only option.

While the PSD increased its share of the vote from 27 per cent to just under 30 per cent, the bulk of Socialist losses went to the new "Eanist" party, the PRD.

Fear of a strong showing by this party, which trades on the President's "clean" image and its own newness, untainted by the politicking of the other parties, has haunted all the established political forces, including the PSD. In the event, the Eanist poll at 18 per cent, giving a provisional total of 45 seats in parliament, was stronger than their worst nightmares.

The "new faces" election has fudged the division between left and right forces. The PSD, now number one party on its own for the first time – although it won two general elections in 1979 and 1980 in alliance with the Christian Democrats – is more of a professional electioneering machine than an ideological movement and covers a range of sympathies from conservative to centre-left. The party was heir to a system of political bosses that existed before the revolution, giving it a strong foothold in the north of the country.

The Eanists, now inspired with hopes of becoming the main party once their leader descends from his presidential pedestal to take charge next year, is by its own definition non-classifiable, and has both left-wing and right-wing supporters.

The classic parties of the left and right all lost ground. The Socialists, which since the start of democracy were the biggest single party, lost almost 1m votes to score barely 20 per cent, less than half the 43 per cent target proclaimed in their election campaign – which would have been enough for a parliamentary majority.

The Communists, more surprisingly, also lost almost 3 per centage points to score 15.5 per cent, with their support apparently also defecting to the Eanists.

On the right, the CDS, eclipsed by the PSD, saw its score drop from 12 per cent to less than 10 per cent and will be in search of a new figure to replace its leader Sr Lucas Pires. None of the other half dozen contestants, mostly extreme left, scored enough votes to gain a seat.

The massive setback to the Socialists and to Sr Antonio de Almeida Santos, the man chosen to substitute presidential candidate Sr Soares, for the position of Prime Minister, will cause a major rethink within the party. The austerity policies and economic orthodoxy of the last 2½ years have evidently driven a wedge between the party and its low-income supporters.

The new government which will emerge from the elections, will be running an economy purged of its worst external problems and awaiting recovery.

The current account of the balance of payments is expected to be close to equilibrium this year for the first time since 1979, with senior officials predicting a deficit of less than $200m, compared with $520m last year. The trade gap for the first seven months was 44 per cent down on the figure for the same period last year at $734m and increasing exports are expected to produce growth of about 1.5 per cent for the year, offsetting 1984's negative result.

But domestic consumption and investment are still down, although the real purchasing power of Portuguese wages is expected to remain stable after a 10 per cent drop last year. However, the impact of EEC entry brings fresh inflation worries, despite an anticipated fall in the rate of price increases to 16 per cent to 17 per cent at the end of the year, compared with 21.5 per cent last December.

In this confused political situation there is unlikely to be any clarification of economic policies until after the presidential ballot in January, which may well lead to another general election. The lack of political confidence, which Sr. Cavaco Silva has blamed for the recent fall in investment does not look like being resolved in the short term.

THE LEX COLUMN

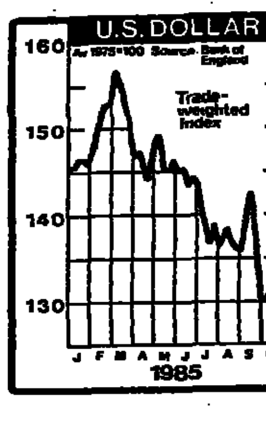
A running jump in the Thames

A stock-market listing for Thames Television never looked particularly enticing under the shadow of next year's Peacock report on BBC advertising and a possible change in the ITV contractors' tax regime. But Thames did its best to scupper the chance by contriving last year, with the aid of two strikes, to turn £140m of advertising into a £5m domestic loss and to earn only half as much on overseas sales as it could reasonably expect.

Thorn EMI and BET, Thames' predominant shareholders, must be overjoyed to have found a company as ambitious as Carlton Communications, ready to take Thames off their hands for £80m – or a double-figure multiple of earnings to March if the strike losses are made up. Those enthusiasts of Carlton, who have watched helplessly as its share price doubled to 820p this year, should be pleased at the broadening of Carlton's equity base to finance the deal; and the IBA will probably shed no tears for the franchisee that tried to pilfer the soap opera Dallas from the BBC.

Carlton has been doubling its pre-tax profits for the past four years through a judicious mixture of fast-growing TV-related businesses and acquisition with paper – although what contributes what is anybody's guess. Carlton is now moving into a mature industry, with a high degree of regulation, awful industrial relations and a cost structure whose profligacy is only encouraged by the Exchequer Levy, which is charged to profit after paying for all those fancy locations and funny clothes.

If it were just a matter of bringing Thames' profit margins up to the industry standard, Carlton would look just the job. Thames has overproduced programmes on a declining revenue share – and interest costs are one of the few items not allowable against the Levy. Carlton also runs an excellent post-production facility for times when those fancy locations prove a flop. But whether Carlton can market Thames' back-catalogue more effectively abroad or to satellite television, or can switch the Levy relief to its existing production are open to question; and Carlton has only three years to prove worthy of the franchise while a Levy reform or BBC advertising could upset every assumption.



Dollar

It is now a fortnight since the Group of Five countries decided to join forces against the dollar, and judging by the currency's movements, they seem to have learned the odd lesson from their less successful attempts earlier this year. In two weeks, the dollar has fallen 7 per cent against the D-Mark, nearly 8 per cent on its trade-weighted index and 10 per cent against the Yen.

The banks are cannier now about moving with the trend rather than trying to force markets to do about-turns. But they are still not averse to selling small amounts of dollars into a rally – using only just enough money to remind speculators of their presence. Yesterday, for example, the dollar rose from about DM 2.61 in New York on Friday night to as high as DM 2.66 before selling by central banks brought it down to DM 2.65. It is not clear yet whether the Five are satisfied with their fortnight's work; the dollar may have fallen a long way, but it still leaves U.S. manufacturers scrambling to compete in overseas markets. Even if they still think the dollar is too high, they may now be wondering whether it can fall much further without a change in fiscal and monetary policies on either side of the Atlantic.

The deficit reduction package being presented to Congress has found few friends in the foreign exchange markets; the feeling is that even if it is passed, it does not do enough soon enough. Meanwhile, neither West Germany nor Japan has shown that it is willing to relax its fiscal stance. And any noises from the Japanese Government about restricting capital outflows will more than likely boost those flows in the short term.

All of which leaves the Bank of Japan in a rather uncomfortable bind. Each time it intervenes against the dollar, it slices a few per cent off the value of its citizens' overseas assets. But that must be rather less painful than watching trade barriers rise against Japanese imports in the U.S. if nothing is done to strengthen the yen.

Revlon

It is just conceivable that the scattering of poison pills and junk paper has settled a price at which the Revlon cosmetics empire can finally be broken up. Shareholders have only to decide which of two almost identical $1.7bn deals has the sweeter smell; with only 25 cents apparently separating the higher Pantry Pride offer from Revlon's own combination buyout and liquidation proposal, that decision calls for sensitive nostrils.

As is only fitting, each offer still contains the odd booby-trap. The poison pill which Revlon swallowed during the summer still threatens to turn its equity into loan notes if the Pantry Pride offer were to succeed; it is only natural that PP's offer remains conditional on the pill being regurgitated. So far as it goes, that part of the Revlon defence is not to be scorned.

Although the Revlon management's original scorn for highly leveraged breakup's may have struck a sympathetic chord with some shareholders, and with anyone who was at all sceptical about financing outsize takeovers with junk bonds, much of that sympathy has now been thrown away; it is hard to show that the alternative offer has any other logic from that shown by Pantry Pride. Indeed, the main difference appears to be that the buyout would provide more generous parachutes for Revlon management.

Apart from some feeling that Revlon is trying to have both sides of the argument, shareholders may also be wondering if Pantry Pride may not actually be offering a slightly higher premium than first appears. By saying that it will hold in trust the $25m fee that Revlon has promised to its prospective partners, Pantry Pride might be able to throw in almost 90 cents a share of Revlon's own cash. Unless some third party scoops the pool by a higher bid altogether, that tantalising extra might just be decisive.

Banks act to push dollar lower

By Philip Stephens in London

CENTRAL BANKS intervened in the foreign exchange markets yesterday in an attempt to forestall a rebound in the dollar's value after its heavy losses in recent weeks.

Foreign exchange dealers said that the Bank of Japan, the U.S. Federal Reserve, West Germany's Bundesbank and perhaps the Bank of England made small-scale dollar sales. The move succeeded in pushing the U.S. currency off its highs in early trading, though it still registered gains from last Friday.

The intervention came after the weekend meeting of the Group of Five major industrial countries in Seoul where finance ministers and senior central bankers review the impact of September's agreement to push the dollar lower.

The markets interpreted comments by central bankers at the talks as signalling that they were wary of further aggressive dollar sales in case such action prompted an uncontrolled slide. There were also indications that they did not want the U.S. currency to fall too far from its present levels.

That led to an initial sharp rise in the dollar's value in Far Eastern and European trading yesterday until the central banks intervened.

Central bank officials said the action was designed to signal to the markets that they were prepared to stand against a rapid recovery in the dollar's fortunes, though they stressed that the amounts involved were modest.

One suggestion was the total spent was only between $200m and $300m. The sales were essentially a warning shot rather than a major concerted effort.

In London the dollar ended the day at DM 2.65, 1.8 pfennigs higher than its previous close, but around 2 pfennigs below the best levels of the day. Against the Japanese yen, which has appreciated rapidly over the past few weeks, the dollar was at Y215.40 up from Y213.40.

The pound weakened slightly against the dollar, losing 0.15 cents to close in London at $1.4135, but registered gains against most European currencies. That was reflected in a sharp rise in the sterling index of 0.6 points to 80.2.

See Lex; Currencies, Page 31

Ikarus to attack European and Far East bus market from UK

BY JOHN GRIFFITHS AND ANTHONY MORETON IN LONDON

IKARUS of Hungary, one of the world's largest bus manufacturers, plans to set up an assembly operation in Britain creating several hundred jobs within 18 months which would export buses and coaches to Western Europe and the Far East.

The company has already established a sales arm, Ikarus UK Sales through a London-based agent under revised Hungarian foreign trading policies which allow selected export companies increased freedom to make their own foreign trade agreements.

Its London-based agent Robertson International, which handles trade for several other Hungarian enterprises, is investigating the UK's six freeports as the base for assembly and production operations, which are expected to employ several hundred people.

Ikarus UK sales is also to compete in the UK bus market, although vehicles produced within a freeport zone would be subject to normal UK duties.

So far, no details have emerged of how the Ikarus operation is to be structured, or of sales and output ambitions.

However, Western bus producers have long kept a wary eye on Ikarus, because of its low-cost production base and its size. It produces a bus or coach every 20 minutes, and out of the nearly 14,000 it built last year, nearly 12,000 were exported.

Its principal markets are other Comecon states – the Soviet Union imports more than 6,000 a year – but it also has substantial existing business in the Middle East, Asia and Latin America.

It also has an assembly joint venture in the U.S. while bus bodies are built from Ikarus kits by local manufacturers in Cuba, Iraq and Angola.

Its range of products is very wide, from minibuses to large articulated units, of which it now builds more than 2,000 a year.

UK bus companies are aware of the impending Ikarus moves, which are being treated with some anxiety. The UK bus market is already severely depressed. Leyland Vehicles and Metro Cammell Weymann produce mainly large double and single-deck buses, but Ikarus would be well placed to take advantage not only of opportunities in the large bus market but the smaller vehicles expected to proliferate as a result of the Transport Bill – to deregulate bus operations.

By operating from a freeport base, using principal components produced in Hungary, Ikarus could provide stiff new competition for UK manufacturers in their traditional developing world markets.

However, as an integrated producer of both chassis and bus bodies, Ikarus is likely to argue that it could collaborate with UK concerns to provide them with low-cost bodies for their own exports.

Body-building capacity currently acts as a restraint on UK manufacturers. Leyland estimates that it can reasonably expect to sell 2,000 buses a year outside the UK, but that this could be doubled if more body-building capacity was available.

None of the six freeport sites chosen by the government – Southampton, Liverpool, Birmingham, Cardiff, Prestwick airport in Scotland and Belfast – has made the progress hoped for them.

Southampton is the most advanced, having started a 50-acre extension to the original site next to the M27 motorway. But it has attracted no more than a handful of tenants and admits that the extension is "an act of faith."

Liverpool adopted a different approach – that originally favoured by Hamburg – and encompassed a large section of its existing dockside an designated this a freeport. It is therefore able to point to a fully working freeport. In fact, it has attracted fewer new tenants than Southampton.

Three in bid to cut EEC trade barriers

By Paul Cheeseright in Luxembourg

BRITAIN is to join with Luxembourg and the Netherlands in starting a rolling programme to remove the trade barriers blocking development of the European Community's internal market.

The aim is to enact over the next 16 months a number of measures to bring closer to realisation the European Commission's aim of a Europe without frontiers by 1992.

Luxembourg at present holds the presidency of the Community. Next year it will be held by the Netherlands and Britain.

The three nations agreed yesterday that if they could co-ordinate an approach to the development of the internal market it would be possible to advance a coherent programme of legislation. By spreading the plans over three six-month presidencies it would be possible to avoid the stop-start approach to legislation inherent in one presidency advancing different priorities to its predecessor.

Among the measures Luxembourg will be pressing are the computerisation of customs services, spread of community industrial standards and uniform regulation of unit trusts among the Ten.

Britain and the Netherlands have broadly the same interests in promoting greater freedom in the internal market. These include the priorities settled at last June's Milan summit of community leaders.

These priorities were the removal of physical barriers to the movement of goods, the adoption of common or compatible EEC standards, a free market in insurance and transport, freedom of establishment for the professions and the liberalisation of capital movements.

The Milan summit declaration was a partial endorsement of the commission's 300-measure programme for achieving a genuine Community internal market.

But when trade ministers discussed the commission programme in Luxembourg yesterday it became apparent that there were widespread qualifications and differing senses of priority on the next steps forward.

Although Belgium seems prepared to go along with Luxembourg and the Netherlands in an evident show of Benelux solidarity, Greece and Ireland are stressing the equal importance of economic convergence and the need to avoid doing anything which might affect vulnerable economies.

UK Conservative chief attacks opposition attitude to the law

BY PETER RIDDELL IN BLACKPOOL

THE BRITISH Labour Party's attitude to police and the courts was strongly criticised last night by Mr Norman Tebbit, the new Conservative Party chairman, on the eve of the start this morning of the party's annual conference in Blackpool.

His attack came after he urged local party agents to campaign harder against opposition parties. Reflecting what will be one of the themes of the conference, he said the Conservative Party had "to get rid of the mid-term blues to take us to another triumph for the blues in 1987 or 1988."

Mr Tebbit made it plain that the Tories' campaigning style would be tough. He said that next year there would be more party political broadcasts on radio and television similar to one last week when there was an outspoken attack on the Labour Party. He said that "hitting hard – right on the target" would be part of a co-ordinated campaign.

At a press conference later Mr Tebbit said that "wickedness" rather than unemployment had been why a gang of 100 people had killed a policeman in a London suburb on Sunday. He then criticised the remarks of Labour Party leaders such as Mr Gerald Kaufman, the Shadow Home Secretary.

The Conservative Party chairman said that large and influential elements of the Labour Party were spending "so much time" on attacking British institutions. He quoted a press report of a speech by Mr Paul Boateng, a black lawyer, who is chairman of the GLC police committee and a prospective Labour Party candidate, who allegedly attacked the independence of the courts and urged resistance by local residents. Mr Tebbit said that Labour Party leaders should deal with people who talked like that before criticising others.

Mr Tebbit's robust approach will be reflected in his two conference speeches, this morning and tomorrow afternoon.

The conference will open amid the tightest security ever seen in Britain; tighter even than that required for entry to the White House in Washington. There are extensive metal and body searches and individual photographic passes are examined five times before anyone can enter the headquarters hotel in which police almost outnumber media and Tory officials.

The leadership will this week try to improve supporters' morale following the successful conferences of the opposition parties and in face of rank-and-file unease and a fall in the Government's and Mrs Thatcher's opinion poll ratings.

View from the grass-roots, Page 11; Editorial comment, Page 18; Reassuring the party faithful, Page 19

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	26	79	Malaga	S	26	79	Salzburg	C	15	59
Akrotiri	F	27	81	Faro	S	23	73	Malta	F	26	79	Seoul	S	19	66
Algiers	F	26	79	Florence	S	26	79	Manila	C	32	90	Singapore	F	29	84
Amsterdam	D	17	63	Frankfurt	C	16	61	Miami	C	32	90	Stockholm	F	16	61
Athens	S	27	81	Funchal	S	24	75	Milan	S	24	75	Strasbourg	S	21	70
Bahrain	S	33	91	Geneva	S	19	66	Moscow	C	14	57	Sydney	C	20	68
Bangkok	F	31	88	Gibraltar	S	22	72	Munich	S	18	64	Taipei	F	30	86
Barcelona	S	25	77	Guernsey	R	14	57	Nairobi	—	—	—	Tangier	—	—	—
Beirut	F	22	72	Helsinki	Fg	7	45	Naples	S	27	81	Tehran	—	—	—
Belgrade	S	24	75	H. Kong	F	27	81	New Delhi	C	23	73	Tel Aviv	F	27	81
Berlin	C	14	57	Innsbruck	S	21	70	New York	F	19	66	Tenerife	—	—	—
Biarritz	S	24	75	Inverness	F	12	54	Nice	S	24	75	Tokyo	F	25	77
Blackpool	F	14	57	Istanbul	S	23	73	Oporto	C	22	72	Toronto	C	15	59
Bordeaux	S	25	77	Jersey	C	14	57	Oslo	R	13	55	Tunis	F	27	81
Brussels	C	22	72	Jo'burg	S	22	72	Paris	S	23	73	Valencia	S	25	77
Budapest	S	24	75	Las Palmas	S	25	77	Prague	C	16	61	Venice	S	18	64
B. Aires	R	20	68	Lima	C	18	64	Reykjavik	F	6	43	Vienna	S	20	68
Cairo	F	28	84	Lisbon	F	21	70	Rio de J'o	C	31	88	Warsaw	Fg	13	55
Cape Town	S	18	64	Locarno	S	21	70	Rome	S	26	79	Zurich	S	20	68
Caracas	C	28	82	London	C	13	55								
Casablanca	F	24	75	Los Angeles	F	30	86								
Copenhagen	C	13	55	Luxembourg	C	15	59								
Corfu	S	29	84	Madrid	S	21	70								
Dublin	F	14	57	Majorca	S	26	79								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Soares hands over

Continued from Page 1

These included a pledge of "loyal co-operation" with President Eanes, a policy of economic development and a fairer distribution of wealth, and a promise to make good the back-payment of wages which are owed to tens of thousands of Portuguese workers.

The emergence of the PRD is likely to prove an obstacle to further reform of the 1976 constitution in order both to make the electoral system more workable and to make it possible to privatise some of the industrial and other interests that the state took over in the wake of the 1974 revolution.

The PSD has in its electoral programme a reduction in the weight of the public sector and a revision of the constitutional clause making the nationalisation of industries irreversible. This is part of a platform aimed at cutting the 11 per cent unemployment rate while keeping the country's external deficit down and reducing inflation to EEC levels.

Prospects for a new and solid centre-right leadership will depend on the outcome of presidential elections in January, which are now widely expected to be followed by another general election.

Tougher line on riots

Continued from Page 1

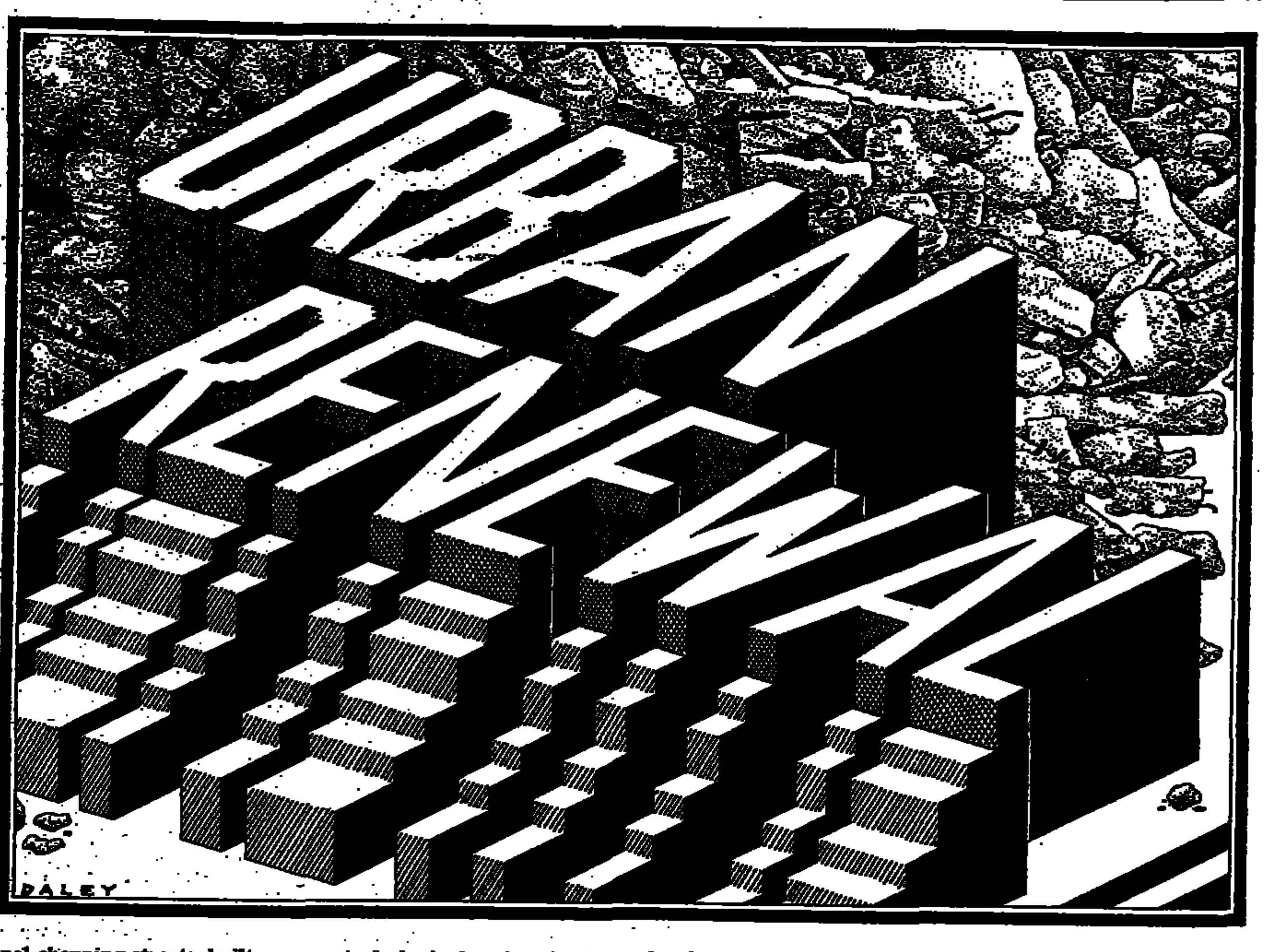
Mrs Jarrett, 49, who suffered from high blood pressure, collapsed and died while the search was under way. Another of her sons faces trial accused of stealing jewellery worth £12,465 ($17,600).

Mr Alf Dubs, the Labour Party's race relations spokesman, said last night that the heavy policing left in the area where the riot occurred was intimidating and the police should pull out.

Mr Gerald Kaufman, shadow Home Secretary, called for a judicial inquiry into the violence and its underlying causes in Britain.

SECTION III

FINANCIAL TIMES SURVEY



A slow transformation is taking place within many of Britain's cities. With comprehensive redevelopment falling out of favour, the emphasis is now on revitalising tired areas and on making better use of existing assets. The success of this new approach, however, is very much dependent on the level of resources which Government is prepared to commit.

New attitudes emerging

By RHYS DAVID

TAKE A TRIP to London Docklands and signs of a remarkable transformation will be observed. Boom is as yet too strong a word, but rebirth probably is not.

Amid the still all too depressing evidence of the port's decline, and the consequent effects on the environment, small businesses and shops, compact new estates of housing appear in dozens of small corners. Alongside old quays and scrubland, modern aluminium and glass-walled factory units, with high tech names outside, have sprung up, contrasting with the refurbished warehouses which cater for other new businesses.

The same evidence of urban renewal is to be found, albeit on a smaller scale, in Liverpool, where the huge Albert Docks complex—a whale of a building left stranded in the nineteenth century by the shift from sail to steam—is being expensively renovated to provide shopping, office, residential and leisure space, and a new home for the Tate Gallery in the North of England.

In Manchester the city's disused Central Station built by the old Midland Railway as a counterpart to London's St Pancras, is set to become the principal exhibition centre in the north, while in Glasgow the GEAR project has brought new life across large areas of the city centre.

In many smaller towns and cities, too, new shopping leisure and residential facilities are being grafted on to existing streets, and older buildings which have outlived their original uses are being converted into suites of offices or houses.

On closer inspection, too, changes can be discerned on the fringes of big cities in the large public sector housing estates, created between the wars and in the post-war period to house the hundreds of thousands of people decanted from Victorian slums. On many of these estates difficult-to-let blocks have been sold to private developers for extensive remodelling and re-sale to local authority nominees.

What is taking place is at one level a reaction against the urge of post-war years to demolish housing, and indeed whole town centres, and to build anew. This now largely discredited approach, though undertaken with the best of motives, is blamed for many of the social and economic problems inherited in the 1980s.

The decantation of whole communities to the outskirts of towns removed individuals from where both work and play were to be found, rendering them isolated or at best dependent on costly public transport. It also often cut city centre businesses off from nearby sources of skilled and semi-skilled employees. As office blocks took over, British town centres, unlike their counterparts on the Continent, lost their vitality at night and at weekends, unpeopled after the end of the normal working day.

The replacement of traditional shopping streets, built up in some cases over many centuries, with arid concrete precincts, played its part, too, in destroying the links between communities and their past creating instead windswept shopping ghettoes inviting the attention of the vandal and graffiti artist.

The failure of these approaches to the problems of renewing British cities has been followed by a new attitude which recognises that much of what is good about Britain is the product of evolution. Moreover, Britain's architectual heritage is now seen to consist of more than merely its great castles, cathedrals, public buildings and stately houses and to embrace much of the urban environment left behind in the great phases of town and city building, and industrial expansion including the Victorian era.

At another level the work now going into urban renewal, particularly in housing, is also the direct consequence of the very changed financial situation.

Disasterous as much of the publicly owned tower block and system built housing of the post-war years has been socially, environmentally and economically, the option of pulling it down long before debt repayments have been completed could hardly be sanctioned. As such, local authorities have been obliged to look at different ways of dealing with their stock, including involvement of the private sector.

From the private sector has come a generally enthusiastic response, conditioned in large measure by the different circumstances facing builders themselves. The cost of land, particularly in the south east, has pushed house prices way out of reach of many first-time buyers, reducing the market available to builders. In spite of the industry's lobbying efforts, public sentiment has also moved against the release of further new land in already over-crowded parts of Britain while so much derelict land remains available for redevelopment.

Builders have also seen a dramatic fall in the numbers of contracts for public housebuilding. One obvious way to use spare capacity has been to work with local authorities, renovating their properties for subsequent sale, usually through systems which try to combine three elements: a low purchase price for the buyer; a reasonable return for the builder; and a profit for the council which can be put into its capital account.

The other element in the equation, both in the upgrading of city centres and of public housing, has been direct Government support through schemes such as Urban Development Grant, a pump-priming device based loosely on a similar concept originated in Baltimore and a number of other U.S. cities suffering severe urban decay.

UDG, which is made available where negative land values, high infrastructure costs or other heavy expenditure requirements will make the difference between a scheme going ahead or not, has helped to build a hotel in Cardiff, to add pitched roofs and balconies to maisonettes in North Shields, and to convert warehouses for use as rentable storage space in Wandsworth, among other schemes.

Given its linkage to private sector capital, UDG is also the part of the overall urban programme—currently running at about £350m a year—which the Government is most keen to expand. "It has gone up from £7m when we introduced it four years ago to £24m and I want to see a lot more spent on UDG schemes," Mr Kenneth Baker, the Environment Secretary, said recently.

Another key source of funds from the public-sector, derelict land grant, has also been expanded. Originally intended to promote clearance of old coal mining sites, it has been used to aid a number of schemes for renovating neglected council housing estates, including Stockbridge Village in Knowsley, formerly Cantril Farm, and Regent Park in Salford, two estates which had degenerated into a very poor condition.

Yet, despite some progress and the availability of a number of schemes to help secure regeneration plus growing interest from building societies, environmental groups, and a variety of other institutions, it remains open to question whether enough is being done.

With the funds made available to councils for housing expenditure severely restricted—housing investment programme money is down by more than 50 per cent since 1979—the rate of dilapidation is advancing and on the Government's own estimates could cost £20bn to put right. The infrastructure of many of Britain's older cities—their roads and sewers in particular—has in some cases fallen into acute disrepair and is again likely to cost billions to put right—possibly as much as £3.5bn a year for the next 10 years.

Total urban programme money made available to councils is not keeping ahead of inflation and is seen to be under constant threat from the Treasury. Many councils, too, complain about lack of consistency in its application and over-detailed vetting.

UDG itself, while it has proved helpful in getting a range of renewal schemes off the ground, is plainly more helpful, too, in areas where there is already some life in the economy. In parts of the north east and the South Wales valleys, for instance, it will clearly take much more than pump-priming to persuade private capital to deal with the problems.

The recent riots in Brixton and Birmingham have demonstrated, too, the extent of the alienation which exists in the most deprived inner urban areas. In these areas the problems of bad environmental conditions are compounded by the lack of jobs, itself a problem which remains intractable in spite of a host of initiatives.

Yet, it remains the case that some unexpected successes—the sale of refurbished blocks on Merseyside—and some indefinitely talked about schemes—Manchester's central station project—have come about as a result of the new weight put behind urban renewal.

And some of the more imaginative regeneration schemes, particularly those which have been able to make use of water, such as the dock schemes in Bristol, Swansea, Hull and Liverpool, or which have been based around fine old industrial buildings, have created jobs in leisure, recreational and retail activities as well as restoring previously run-down areas, bringing people back into city centres both to live and as visitors.

Though as yet on a small scale, ways of breaking the paralysis which has pushed many of Britain's city centres into decline have been found, and a small start made on improving parts of Britain's run-down housing inheritance. There is still a long way to go, however, and a lot of public as well as private money still needs to be spent if noticeable gains are to be secured.

IN THIS SURVEY

Progress reports on the two large urban areas covered by development corporations

A flagship hopes to justify its cost

The London Docklands

RHYS DAVID

ONLY THE MOST carping critic could fail to be at least a little impressed by the development that has taken place over the past four years in the eight and a half square miles of London Docklands.

At locations spread throughout the area, which extends from London Bridge in the west to Woolwich in the east, small new estates of housing have been springing up, older terraces are being re habilitated, and ugly gaps filled in.

Three new superstores have brought a modern style of shopping to the area, while new transport systems—a light railway with a connection to the Bank in the City and the proposed short take off and landing airport (Stolport)—are promising to reduce the paradoxical isolation of an area physically very close to the rest of London.

Crumbling warehouses have been restored and divided, and new single storey steel-clad sheds built to house unfamiliar new industries such as computers, film-making, and professional services. More than 200 new companies have moved in, creating 5,700 jobs, and nearly 1.9m sq ft of floor space is under negotiation for addition to the 1.8m sq ft already completed or under construction.

There could soon be more newspaper production in docklands than in Fleet Street. News International, publishers of the Sun and News of the World has built a 400,000 sq ft plant at Wapping, the Daily Telegraph will finish its new 285,000 sq ft plant in the Enterprise zone on the Isle of Dogs in 1987, where the Guardian will also move, into a 45,000 sq ft printing works. The latest Fleet Street refugee to announce a move to the area is Associated Newspapers, publishers of the Daily Mail.

Albeit at considerable public expense, London Docklands has established itself as the flagship for urban renewal in Britain, a putative example of what can be done to get growth moving again in an area where the sheer size of the problems appeared to have brought on paralysis for a period of decades.

The London Docklands Development Corporation, the body set up by the Government to deal with the problems left by the movement of trade away from the area, has used wide-ranging legal powers to acquire land compulsorily, and its generous Government funding to embark on an extensive programme of infrastructural works. This has in turn promoted significant private sector spending. Net public investment of £141m since 1981 has led to private investment of £821m, a very respectable leverage ratio of more than 5 to 1.

Land values rise

The strong demand for the land which the LDDC has been able to acquire and release has produced a dramatic change in land values. "In many parts of docklands and indeed for many sites now regarded as carrying high development potential, values in 1981 were negative or so minimal that no redevelopment could take place," Mr Reg Ward LDDC's chief executive points out. Since then, values have increased fivefold to more than £300,000 an acre and are still rising.

With so much achieved in such a short time, the question, inevitably, is whether the momentum can be sustained over the 10 years or more which docklands officials feel it will still take before the area can start again to look after itself.

Over the longer term, too, there is another imponderable. Will the mix of new and existing population, of public and private sector housing—the latter extending from starter homes to luxury riverside penthouses—and the older, generally port-related, industry and modern high technology and services employment, ever blend together to create a balanced community?

On the housing front there are no signs of any slowdown, in itself, not surprising given the LDDC's policy of ensuring that prices for much of the property remains well within the range of first time buyers (many of whom have been council tenants within the area or former dockland residents who have wanted to move back).

The LDDC is able to achieve this through the specifications it requires of builders, and through the building licence system which it operates. This separates the sale of houses and land on which it stands, with the builder responsible only for the former and the LDDC for the latter. The target aimed for by the corporation and achieved to date is to have around half the housing available for sale priced at below £40,000 (adjusted annually for inflation).

So far, about 2,500 new houses have been built with a further 4,600 under way. In the process the proportion of privately-owned housing in the area has increased from a mere 5 per cent to 15 per cent with the aim eventually being a figure nearer 30 per cent.

The top end of the market for properties in excess of £100,000 has largely looked after itself according to Mr Eddie Oliver, deputy chief executive, with a number of schemes being undertaken by major builders to convert old riverside premises into luxury apartments with extensive views. The pace of development in the area has also meant that builders have been prepared to come forward with housing schemes directed at middle managers and priced at £65,000 upwards.

But while success has been achieved in housing, with developments to suit most pockets going ahead across the LDDC's area, the pattern commercially and industrially has been somewhat different with projects concentrated so far on the Isle of Dogs.

Prosperity returning to London's docklands: London Bridge City, the biggest office block in Europe being built for St Martin's Property Group by Laing on the south bank of the Thames close to Tower bridge. It will contain 3m sq ft of office, shops and leisure development

The reason is twofold and does offer one possible cause for concern over the rate at which progress may be possible in coming years in job creation. The LDDC, Mr Oliver points out, made its first extensive land acquisition in this area and was able to get on with site preparation. In the Royal group of docks there have been delays, and agreement still has to be reached with the main landholder, the Port of London Authority.

The LDDC is having to proceed in many cases through long drawn out compulsory purchase procedures, with the attendant risks of loss of momentum and frustration of would-be developers. One immediate problem posed for LDDC by slow and piecemeal land acquisition

Early take off

The other main reason for the early take-off of the Isle of Dogs has been its designation as an enterprise zone, and the real test of docklands attractiveness as an industrial location is what happens elsewhere on sites not enjoying the rates holiday (until 1992) and more relaxed planning requirements.

As they becoms ready for development the areas not enjoying EZ status will also provide the real test of the attitude to docklands of City institutions.

"The financial institutions are conservative animals who want to be sure of property values," suggests Mr Oliver who professes not to be surprised at the relative lack of enthusiasm shown to date by the pension funds and insurance companies. Moreover, he points out, as non tax payers, they would not benefit from the tax advantages available in the EZ, where most of the development so far has taken place. The banks which do pay tax have been prepared to invest.

"As the enterprise zone finishes and we move progressively into other parts, the financial institutions will become more interested," Mr Oliver asserts. And while money is not coming forward as fast as he would like to fund new buildings, an encouraging sign is the interest buyers are showing in completed premises either pre-let or not. Another welcome development over recent weeks has been the growing interest being shown by City institutions in moving operations to docklands itself where sufficient land exists — unlike in the square mile — for the large integrated offices which the City Revolution is likely to demand. Now that one or two pioneers have announced their intention of moving to the area, others are likely to follow, it is thought.

In the long term, however, whether the social mix that is now being created in docklands works could be just as important in determining whether the scheme goes on to become a lasting success as the flow of financial backing.

For an area so close to the centre of London it has remained strangely non cosmopolitan, largely unaffected by the movements of population inwards and outwards which have affected other areas. As such there is a degree of insularity and a suspicion of newcomers which it will take all the new sports, social, community and training facilities which the LDDC is creating to overcome.

From the newcomers' point of view not all the facilities they might expect to find are close at hand, in particular high quality shopping. Here the LDDC feels it has to tread carefully so as not to undermine existing shopping centres.

The key seems likely to lie in momentum. So far, only a small part of the area's inherited problem of dereliction, and decay, and the associated lack of jobs, have been tackled but the impression created has been enormous. Having gone so far so fast docklands cannot afford to stop. If it can go on at its present pace, the miracle may be there for all to see before the year 2000.

From waterfront to gigantic playground

Merseyside

IAN HAMILTON FAZEY

RENAISSANCE is not too strong a word to describe what is happening on the Liverpool waterfront. Last year 250 acres of disused docks, municipal rubbish tips and derelict complexes of petro-chemical storage tanks were born again as the International Garden Festival (IGF).

This year has seen the birth of yet more of the Albert Dock village, which is based on a city centre, quadrangular dock surrounded by gallenied warehouses that comprise the largest group of grade I listed buildings in Britain.

The village will eventually be a £70m community, developed by the London property group Arrowcroft with support from the urban programme. It will contain up-market, riverside apartments and the northern home of the Tate Gallery. These will add to the growing numbers of shops, bars, restaurants and offices into which, together with part of the Merseyside Maritime Museum, the warehouses are being transformed.

But this is only the beginning, for the adjacent King's and Queen's Docks are now the subject of intense study and negotiations. These will be developed as a £60m leisure and entertainment complex, linking to the village through interconnected quays and an extensive water regime served by water taxis.

The body in charge is the Merseyside Development Corporation (MDC). Its new chief executive and former development director, Dr John Ritchie, is now talking to 12 developers, all of whom want some part of the action. He thinks that this alone illustrates the progress made by the MDC—when it started five years ago such a spread of serious interest in Liverpool's disused dockland was non-existent.

Special body

"It shows the value of setting up a special body like this to use public money and lead the way," he says. The MDC spends about £29m a year at present, increases being linked roughly to inflation. The Government is happy with its progress because it justifies what many still regard as a highly controversial approach to inner city regeneration.

By setting up development corporations to bring the redundant docklands of London and Liverpool back to life, the Government, in effect, by-passed the local authorities who would have liked the job. Since the corporations were invested with the extraordinary powers that flow from being their own planning authorities, elected local leaders could only stand and watch as they got on with it.

But anyone who observes Merseyside politics can see that very little would have happened if things had been left to "normal" processes.

Apart from changes of the party in control, Liverpool could not have afforded the schemes—and had it been given extra money the present council would almost certainly have wanted to spend it on housing. Strained relations with the other Merseyside authorities would have made agreement on a joint approach virtually impossible.

As it is, the Government has been able to make the work of the MDC a critical ingredient of its plans to regenerate the Liverpool economy. But it is an open question whether what is emerging was as planned as people now pretend. It is obvious to any student of MDC history that there is now much greater hope being pinned on the development of tourism than ever before.

There used to be much more talk of attracting high-technology industry—or indeed any sort of industry. But the reality of industrial development in the 1980s is that there is far too little to attract, and certainly not enough to justify the sort of expenditure involved.

As nearly everywhere else, "new industry" means new or relocating small businesses and the MDC has done well in providing for these. But the larger scale of economic impact now centres on a vision of the Liverpool waterfront as a gigantic playground.

This would stretch four miles from the Pier Head—the Albert Dock is adjacent — to the Festival Gardens, which have just attracted 460,000 paying customers at £2 per adult, despite the poor summer and despite being a reduced, if still impressive, version of last year's IGF.

This is part of a "pro-active," determined attempt to change the economic structure of Merseyside. The old port-based structure has collapsed; a new tourism-based structure is being developed. If the Government meant this all along, it did not state it quite as bluntly before.

But Dr Ritchie believes it can work, as the success of the IGF showed, leading to the emergence of a profitable infrastructure of hotels, restaurants and shops.

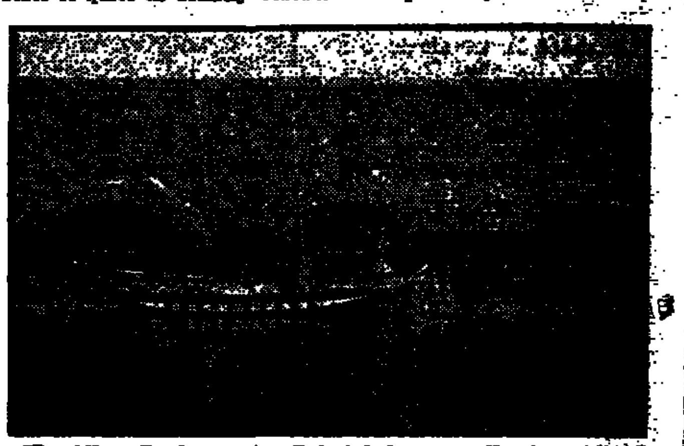
He thinks that by the end of the decade, Liverpool [illegible] be an important centre for mini holidays, with the MDC's projects the crux of everything—and without the MDC, there would have been no focus to make such projections even remotely realistic.

Meanwhile, a leisure park operator is being sought for the Festival Gardens, which will almost certainly open again next year.

The fact that the MDC still has the gardens was totally unplanned. The original idea was to hand them over to the city of Liverpool but that agreement was with the Liberals. It was eventually re-written after Labour had won control of the council and demanded extra money to take them on.

The MDC was left with them, but with no extra funding. It meant that money earmarked for industrial development in another part of dockland had to be diverted, but it is unlikely that this money could have been used profitably anyway.

The MDC has seen it all as an opportunity. It now has a much more coherent say in the emergent Merseyside leisure industry. This in turn will make the Government happier about putting in funds, since they will go through its own agency. It also helps with potential private sector developers who might be otherwise deterred by the image of Liverpool city council.



The Albert Dock complex, Britain's largest collection of listed buildings, lies at the heart of a scheme to transform Liverpool's waterfront. Former warehouses are being converted by property group Arrowcroft at a cost of £70m into up-market residential, retail and leisure facilities

THE TRANSFORMATION OF HALIFAX

From eyesores to elegance

LOOKING DOWN from the hillside of the Calder Valley presented the observer, 15 years ago, with one of the most depressing industrial landscapes in Britain.

There is still no mistaking that the West Yorkshire town of Halifax is an industrial settlement which had its economic roots in a different age. Many mill chimneys still dot the skyline.

Yet, Halifax has steadily performed a remarkable transformation. Through conservation, stone cleaning and careful adaptation, Halifax now has one of the North's best preserved and most attractive centres.

It might not have been so. The town had a plan to virtually bulldoze the heart of the town in the 1960s but fortunately details of the scheme could not be agreed.

Operation Eyesore was launched in 1972, since when a vast number of Victorian and Edwardian buildings have been cleaned, three-quarters of the money coming from Government.

The large and magnificent Piece Hall, built in 1779 and now the only former cloth "piece" hall of its type in Britain, has been transformed from the wholesale fish and fruit market into which it had stumbled into a living cell of more than 40 units providing space for small shops and businesses within an 18th century environment.

Dean Clough Mill, once part of the Crossley Carpet group when it employed at its peak 6,000 in its series of mill blocks, has been partly converted into a new home for both tiny starter businesses and small established companies unable to afford normal commercial rents.

The new shopping centre opened in the heart of Halifax two years ago has been built out of traditional and "artificial" stone to blend with the cobblestone precincts and 19th century buildings, some of them built with money from the two great industrial families of the Crossleys and Akroyds.

Much more could be done in and around Halifax and this is chronicled in the Civic Trust publication—Halifax in Calderdale, a Strategy for Prosperity.

Calderdale council says it is trying to pursue this strategy. To help underscore its historic heritage, Victorian shopfronts around the Market Square are being restored using old photographs and original plans.

Halifax is not the only settlement in Calderdale that has been receiving attention.

Three mills, Crossley, Greenups and Longbottoms along the Calder riverside in Sowerby Bridge, have been bought by West Yorkshire county council, which, in association with private developers, intends transforming their 165,000 sq ft into a £6m leisure and commercial centre.

Urban Renewal 3

Scotland and Yorkshire have their own specific renewal problems for inner city areas. A look at how they are being tackled

How a selective area approach paid off

Scotland

MARK MEREDITH

SCOTLAND has produced some of Britain's worst cases of inner city decay and some of the best examples of urban renewal: problems on a grand scale have spawned solutions to match.

The steady and dispiriting erosion of manufacturing industries has impoverished large parts of cities like Glasgow, which by the 1960s had some of Europe's worst slums. The decline of the jute industries had similarly taken much of the life out of Dundee.

The problems have been so massive that it has been beyond the scope of a private sector in retreat. Successive governments until recently have gone for the big gestures, backing instead vast new projects like the Linwood car plant, the Ravenscraig steel works, the Corpach pulp mill, the Invergordon aluminium smelter, all of which were laid down with the hope of employment and a second generation of supporting industries.

Today only the Ravenscraig steel mill struggles on against the odds.

These big gestures, however, have not specifically helped the inner cities. Glasgow, to the urban developers of the 1960s and early 1970s, was a place to get away from. A motorway was slashed through the heart of the city and a network of good arterial routes facilitated the escape from run down areas like the Gorbals.

A series of five new towns were created to rehouse people from Glasgow and offer the [illegible]field sites that new indus[illegible] would want. The new [illegible] — East Kilbride, Cum[illegible] and Irvine — merely [illegible] effect of depopulating [illegible] like Glasgow.

[illegible] the mid 1970s, with the [illegible] up of the Scottish De[illegible] Agency by the then [illegible] Government, a new approach to urban renewal began.

The agency combined its task of industrial promotion with reviving inner city areas. Success stories like the Glasgow Eastern Area Renewal (GEAR) project, and the Leith project show the advantage of viewing urban renewal at one remove from local government.

"The agency has been able to work at the supply and demand side of the problem," according to Stuart Gulliver of the SDA. It had the resources to help build new houses, clean up streets and neighbourhoods, and it was able both to encourage demand by investment in companies, and to develop specific properties with good business potential.

Local government would often have only the resources to improve local housing but would be unable to take the economy of an inner city district much further.

Resources

The SDA developed an area approach. It was not, Gulliver argues, a surrogate national urban policy for Scotland. The organisation in charge of urban renewal did not see its job in terms of a national strategy. Instead it selected areas where its resources could be made to work.

GEAR was a comprehensive urban renewal project—the only one of its kind—with the SDA co-ordinating a wide range of operations affecting education, social welfare and recreation.

Subsequent projects have not been as extensive or expensive. GEAR had a budget of £305m. The SDA sent task forces into areas like the Garnock valley following the closure of the steelworks and into Clydebank following the shutdowns of the huge Singer works. The forces had the role of clearing the way for new industry—in the case of Clydebank, a successful enterprise zone was created.

The government was very anxious for the agency to move into these three projects in the West of Scotland. Only since then has the agency had a more free hand to help regenerate inner city areas as it saw fit.

So called integrated projects have followed in the Blackness area of Dundee, Leith in Edinburgh, Motherwell, southeast of Glasgow, Dundee itself, Coatbridge to the east of Glasgow and most recently Inverclyde which has seen a dramatic decline of its shipbuilding industries.

These projects have been specifically designed to bring local authorities and local business in on the proceedings. Urban renewal, the agency is convinced, could not be viewed as a quango moving in wholesale, but rather as a joint operation involving the local community closely.

The SDA has a status unlike any other body in the UK. It has tried to promote industry while at the same time encouraging the market to do most of the running. Joint ventures, and venture capital have been used to win over cautious and hesitant financial institutions.

Property developers, for example, were encouraged to move increasingly into areas once presumed the preserve of official bodies like the SDA. In housing and industrial property the private sector has shown increasing confidence.

Lessons have been learnt in recolonising the cities, as Gulliver calls it, the process of bringing business into "brownfield" areas instead of "greenfield" sites.

The heart of Glasgow is a very different place today from the mid-1960s. The GEAR project has been followed by a series of initiatives to regenerate the central city area.

The agency's latest project called the Merchant city aims to bring back to life a whole chunk of the city centre which once housed its big merchant interests and now could live again as the home of the growing service sector which accounts for over half the jobs in Scotland.

The momentum started by the GEAR project is there and the city seems pleased with its vastly improved image. Much more is to come with big shopping and office complexes planned for the downtown area.

In Edinburgh the Leith project has been largely confined to housing and fostering the area's links with the main city. This year some of the Edinburgh festival performances were put on in Leith.

Understanding

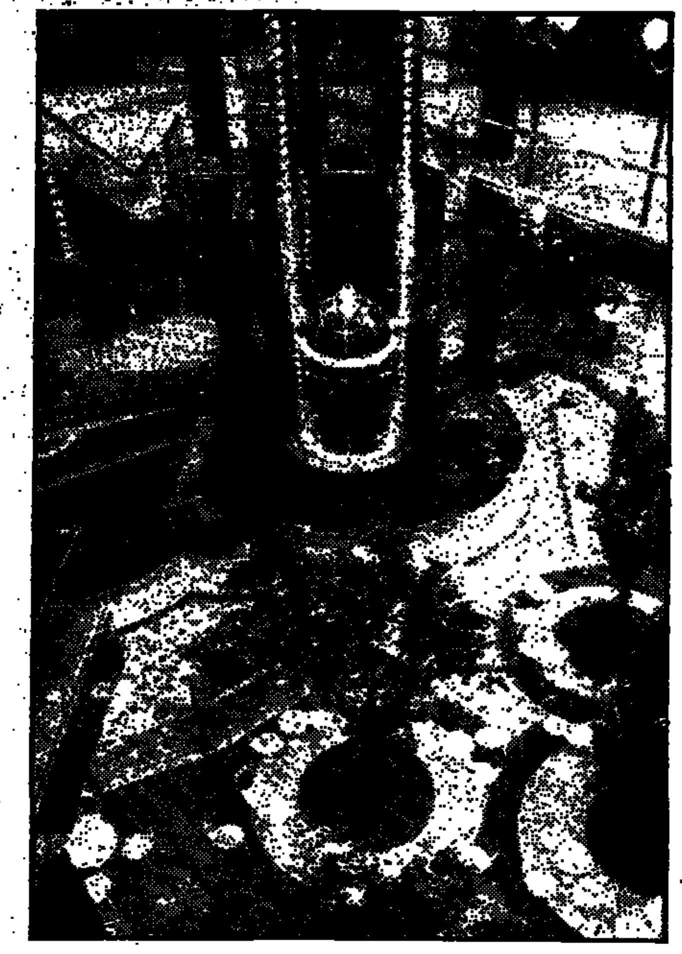
With 12 urban renewal projects under its belt, the agency feels it now has a good understanding of some of the problems involved in reviving inner cities.

"For one thing, you cannot use the same script each time," notes Gulliver. Each project has a unique set of problems requiring a unique combination of possible solutions.

The great examples of inner city renewal in the U.S., while stimulating many British planners, do not automatically fit into the context of the UK. Radical new housing projects in some U.S. cities, Gulliver notes, have led to more wealthy home owners moving in and the occupants of the area being pushed out, taking their problems with them. "Projects should not beggar the people they seek to serve," says Gulliver.

The agency has found that decentralising the administration of its urban renewal projects has been instrumental in winning the confidence of the local communities. Project offices with their project leaders are operating in the community.

Gulliver feels that the natural rise and fall of urban economies should be better understood. Communities dependent on mining for example must be helped to come to grips with the decline of this industry, its natural decay. It is a case of managing decline.



The Ridings, shopping centre in Wakefield, West Yorkshire. The trend has moved sharply towards enclosed shopping facilities as the drawbacks of earlier mall schemes have become apparent.

Big drive to improve housing standards

Yorkshire and Humberside

NICK GARNETT

WEST YORKSHIRE is a pot pourri of urban headaches and environmental opportunities. Impressive development schemes rub shoulders with derelict and frequently unusable textile mills, severely depressed districts and unfit housing. Narrow Pennine valleys present major construction handicaps in some towns.

Government cutbacks in borrowing allocations for housing have also had a damaging impact in almost every town and city.

In LEEDS, despite a colossal post war clearance programme in the back-to-back housing areas of Hunslet and Holbeck, serious housing problems remain. While less than 1 per cent of its 284,000 house stock lacks basic amenities, the city still has the largest number of back-to-backs (20,000) of any British city, and 9,000 of these do not have any enclosed garden. Some 60,000 of its houses are pre-1919.

The demolition of Hunslet Grange with its 1,300 sub-standard deck access flats is almost complete, but the city still has major problems with system-built housing and large inter-war suburban estates. The council said last year that a staggering £713m was needed for repairs and renovation to bring its total housing stock to accepable levels.

The council complains bitterly that if it was now receiving the real levels of its 1979 Government approved borrowing allocation this would be double the £29m it was actually allowed to borrow last year.

It built 300 new houses last year but says heavy repair spending requirements, and the Government's tight borrowing limits, could bring the new build programme to a halt. At the same time the repair problem is worsening.

Interesting housing developments are in train, however. The Raynville estate's 230 houses have been sold to Wimpey, the building group, for refurbishment and private sale with £2.5m grant assistance.

A unique financing arrangement with the Halifax Building Society in the Crown Point Bridge scheme, involving warehouse conversion and new building, is designed to bring people back to the city centre.

Perhaps because Leeds has kept intact much of its employment base, and has a pronounced commercial self-confidence, it has done less than some cities in tourist-related ventures.

It possesses a splendid industrial museum in the Armley Mills and proposals are under consideration to convert the Whitbread Brewery in Kirkstall into a museum.

A £20m project to transform the site around the Leeds United football ground into a family sports centre has been agreed and the Henry Moore sculpture hall has been a successful addition to the art gallery In the private sector a former clothing factory on the edge of the city's commercial area has been turned into offices and a restaurant.

BRADFORD, ten miles from Leeds, was singled out in the report on tourism by the new Employment Secretary, Lord Young, earlier this year for its initiatives aimed at attracting visitors, a policy partly borne out of the creation of an economic development unit in 1979, one of the first of its type in the country.

It claims to have the country's third biggest conservation programme. The St George's Concert Hall has been refurbished at a cost of £2m and £0.5m has gone on the old Wool Exchange. The Alhambra Theatre is currently undergoing a £9m refurbishment which will also extend the stage area.

Yet, Bradford has some of the most distressing environment problems in Britain and has suffered from drastic road schemes that have needlessly destroyed neighbourhoods. Some of its inner urban housing areas are crumbling and, because of its large Asian population and their relatively high birth rate, its inner area population is rising.

The city estimates it needs 2,000 new houses now and 16,000 within a decade but on present building rates there could be a shortfall of about a half.

Repair problems in the council housing stock are worsening and some of the outer housing estates are showing a familiar mix of physical deterioration, unemployment and poverty-induced stress. Some 3,500 council flats will require major repairs or modernisation in the next few years.

More than a half of its existing inner city schools are over 80 years old and 12 new schools are needed in the next five years to cope with rising school rolls.

Elsewhere in West Yorkshire, urban renewal has been on a more limited scale. HUDDERSFIELD has sought to preserve some of its nicer stone buildings, while in WAKEFIELD the earlier redevelopment of the city centre has now been supplemented by new shopping provision in the much - praised Ridings enclosed shopping development.

In HULL, the city is engaged in an imaginative redevelopment of the old town and waterfront. A marina with 165 berths has been built and Hooson, the builders, has converted the Pease warehouse complex into living accommodation.

A well-laid out landscaping scheme has been finished at the Pier Head and a proposed £32m leisure development for Princes Dock is on the stocks.

The council and Associated British Ports, which said last year that it needs to close the fish docks, are now examining ways of keeping the docks open for leisure use.

SHEFFIELD, which took major strides in the 1960s to make itself one of Europe's most clean cities, is facing a new problem. The near-collapse of its steel and engineering sector left the Lower Don Valley, particularly in the Attercliffe district, an ugly hotch potch of demolished buildings and empty factories.

One-third of this long ribbon of land is described as derelict. The City Council has begun to try and tackle this huge problem and has partially transformed the Carbrook Hall area including the reclamation of a large scrap yard and the building of factory units.

Rich possibilities for redevelopment

Newcastle

RHYS DAVID

THE HISTORIC quayside along the River Tyne in Newcastle, the first sight which visitors entering the city by rail from the south will see, cries out for development.

The drift of trade away from the port since its heyday in the 19th century and early years of the 20th century has left behind a legacy of unwanted buildings, many of them constructed with impressive Victorian solidity to express the confident view of the future taken by the city's merchants.

Intermixed with these buildings are remnants of an earlier commercial past, part of a Roman wall, and of an arch from a Medieval Tyne bridge, as well as the Norman castle keep and timber framed 17th century buildings.

A wealth of possibilities for the redevelopment of the area springs to mind and has indeed been promoted by Newcastle city council. Many of the older buildings could be converted into small suites of offices, and some might be suitable for homes.

Improved access to the quayside is also seen as opening up the area's tourist and leisure prospects—one of the job creators of the future in the view of Lord Young, the recently appointed Employment Secretary.

To date, government funding of £6m has been made available for improvement schemes in the area carried out mainly under the auspices of the inner city partnership and a further £460,000 was announced last month to spruce up the quayside for the start next year of the Cutty Sark Tall Ships race.

Some re-use of existing buildings, for restaurant, small-scale retail and office use, has already been achieved, and among the larger schemes is the proposed conversion of the Princes Building, one of the largest 19th century office blocks outside London, into flats.

The old Northumberland county hall is being made into luxury flats and local builder, C. M. Yuill, is going ahead with the construction of 60 new homes on the quayside, to be priced between £25,000 and £60,000. A new Crown court is also under way.

Progress to date in securing development has been only steady, however, and is cited in the area as evidence that schemes of the sort now favoured by the Government, which rely heavily on small amounts of public money to generate large amounts of private capital, may not always work in areas where the local economy lacks dynamism.

"Outside retailing there is very little heat in the local economy so there is no queue of developers coming forward," Mr Peter Kuit, a city council official observes.

Very generous infrastructure investment has failed to change the climate. The Tyne and Wear Metro has been an undoubted success in transport terms, and its bright new stations have created an impression of activity in the city centre.

They have not been accompanied to any extent, however, by commercial development.

The same problems of weak local demand are afflicting efforts to upgrade other historic parts of the city centre. To the south of the £70m Eldon Square shopping centre redevelopment of 10 years ago lie the fine early 19th century streets laid out by the architect, Grainger, and the builder, Dobson, one of the largest collections of listed buildings in the UK.

The upper floors of many of these buildings are underutilised and studies have been taking place to see whether conversion to flats could take place.

Successes

Here again development is likely to take time though there have been some successes including a housing association conversion of the Crown Hotel near the main railway station which has created 220 flats behind a listed facade.

The industrial scene is similarly sluggish with, Nissan apart, few new projects moving into the area, and, because of the dominance until recently of major groups and older industrial sectors, such as coal and steel, there is no real tradition or entrepreneurial activity in modern industrial sectors.

In the enterprise zone which covers both sides of the River Tyne the biggest success to date has been the £140m proposed Metrocentre development a huge out of town shopping centre on a 115-acre reclaimed ash tip on the Gateshead side.

While this is forecast to employ 6,000 by 1990, playing to one of the area's strengths—buoyant retail spending—it will undoubtedly take business away from Eldon Square and other parts of the area, particularly in consumer durables.

The view taken in Newcastle is that the sort of public/private sector leverage which the Government wants from UDG schemes is unlikely to be obtained in the North East and that policies more attuned to the conditions prevailing in the area are needed. By this is generally meant further direct spending on removing inherent weaknesses in the structure of the local economy, and further direct help for disadvantaged groups.

It is pointed out, for example, that the money available to Newcastle under the Housing Investment Programme has shrunk from £30m to £3m since 1979, while the waiting list has increased tenfold. Needs have changed too with the proportion of elderly people in the population rising.

As in many other parts of the country joint local authority/private developer schemes have been tried and councils in the area would like to encourage more. In housing, for example, private sector builders have been brought in to help upgrade estates in a number of areas. In South Tyneside, the Newcastle-based national builders Bellway bought 150 terraced houses from the local authority and has spent a further £800,000 to create 90 modernised homes all of which have been sold.

While welcome, however, such schemes are likely to provide only a partial solution to the problems.

The argument in the end is a political one between the Labour local authorities in the area which want generous funding for long-term programmes, in the area and a Conservative Government.

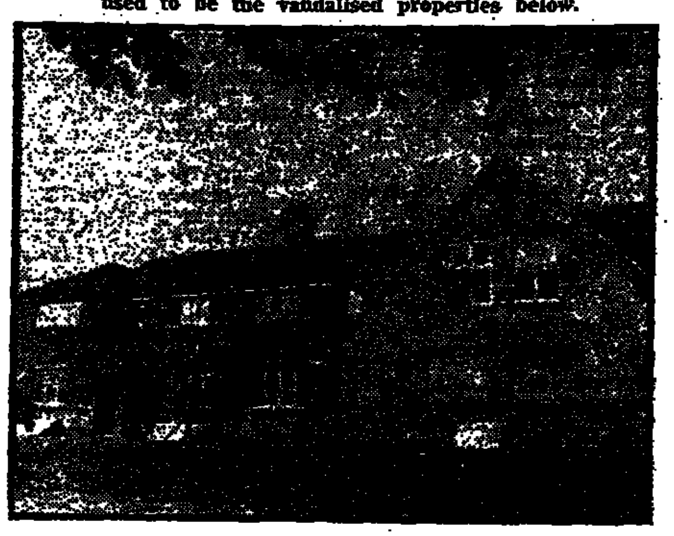
The Tyne and Wear metropolitan authority (due to disappear next May) has channelled resources into environmental schemes (such as its pioneering industrial improvement areas), into strengthening small and medium-sized firms (for example through its innovation centre), and into correcting weaknesses in the local economy (for instance through providing backing for MARI, the Microelectronics Applications Research Institute), as well as into training and community based projects.

These it argues are all projects of a type suited to the areas' needs but now subject to far too much detailed vetting by a Government essentially much more interested in the sort of quick boosts which a big scheme such as the Metrocentre—itself a major beneficiary of subsidy by virtue of its enterprise zone location.

The Government for its part can respond that infrastructure development has been given its chance—as with the Metro railway network and motorway building—and has not produced the commercial benefits intended, and that a new strategy which attempts to bring in the private sector is not only justified but overdue.

Meanwhile the problems remain.

From hard-to-let to desirable: a number of estates in the north east have been rescued by a combination of pump-priming public finance and private capital. The two-bedroom flats above, which were sold to council tenants and first-time buyers on the council's waiting list for as little as £10,000, used to be the vandalised properties below.



Problems demand bold new initiatives

West Midlands

ARTHUR SMITH

THE WEST MIDLANDS, politically sensitive because of the speed of its industrial decline, has not missed out on the newsworthy spate of government initiatives aimed at urban renewal.

It gained two of the biggest UDGs awarded: £4.68m for completion of the Birmingham City council paradise circus industrial site at the national headquarters of IMI, the international group of engineering companies.

Enterprise zones have been created at both Telford and Dudley. Around £40m a year of public sector money is pumped into the metropolitan county under inner area programmes. Much of the region has been granted assisted area status under the Government review of regional policy.

Whether the measures are adequate to meet the scale of the problem created by the latest recession is another matter.

The West Midlands forum of county councils, representing a mix of Labour and Conservative administrations in Hereford and Worcester, Shropshire, Staffordshire, Warwickshire and the West Midlands metropolitan area talks of "the region's economic collapse."

It points to:

- 300,000 jobs lost since 1980 with the total rising.
- 43m sq ft of vacant and disused factories and warehouses.
- more than 6,000 hectares of derelict land—such "waste land" increasing faster than reclamation.
- more than 200,000 dwellings in need of improvement.
- more than 10,000 homeless and 110,000 families on waiting lists.
- inner city unemployment of more than 40 per cent.

The West Midlands County Council alone—due for abolition next April (1986)—calculates that in each year to 1991 more than £92m extra is required for public sector infrastructure spending in housing, transport, derelict land and environment.

It argues such sums are necessary not only for the success of the present strategy of regeneration but also to attract private sector investment at a suitable rate.

Since 1974 the council has acquired and reclaimed more than 1,600 acres, with the seven metropolitan districts pushing the total to around 2,500, but from next year it will be left to the district councils to take over the leading role, to fears that the whole programme will lose momentum.

The smaller authorities, pursuing more localised interests, and without the economies of scale enjoyed by the county, will have to crank up their activities quickly. The recession that has ravaged the West Midlands means that even with the reclamation achievements of the past decade the area of dereliction has increased by 26 per cent.

At current rates of reclamation it would take at least 50 years to conquer the problem. The benefit of such programmes is underlined by the county estimate that every pound of public sector spending attracts on average 21 times that amount of private capital.

Linked with reclamation is the county strategy of developing a two-year rolling programme of land and property acquisition to fill identified gaps in the market and bring forward difficult sites.

Funds are also increasingly being made available direct to companies who might wish to sell their factory to help with expansion or enter a purchase and lease-back arrangement to release working capital.

There are a number of other gaps that must be filled if the districts are to follow up important county initiatives, particularly:

- "Operation Green Up" — a five-year programme to improve the environment along 130 miles of major roads.
- The Greenline project — a £19m scheme to tackle comprehensively "the vast swathe of decay" that stretches from Birmingham to Wolverhampton.
- Canals strategy — a programme to improve the extensive canal network and promote tourism.
- Shopping centre improvement — some £3m has been spent on arresting the decline of inner city shopping areas such as those recently affected by the Birmingham riot.

The government-backed urban programme aimed at helping areas of deprivation, and 75 per cent funded by the DoE produces funds of around £40m a year for schemes within the West Midlands county. The priority zones include the inner city areas of Birmingham, Wolverhampton and Coventry and a large sector of the Black Country embracing most of Sandwell and parts of Walsall and Dudley.

The metropolitan county complains, however, about the lack of a strategic overview, claiming the application of separate designations and different allocations to adjoining boroughs with similar problems and overlapping labour markets does not reflect the real nature of the problem.

It criticises the DoE for not being sympathetic recently to projects which include a risk element. Urban programme guidelines are said to be applied more rigidly, requiring more detailed information and justification of projects, especially where refurbishment or new building is required.

The county maintains its experience is shared by the districts and the effect of the DoE stance is to slow down the implementation of programmes, thereby reducing public spending.

A complaint made by many local authorities is that while the Government might be broadly maintaining funds under the urban programme they are being curbed on other spending at a time when economic and social problems are mounting.

A good example is provided by Birmingham City Council housing "envelope" schemes under which the outside of private-owned property is rehabilitated on a comprehensive street or block basis, at no cost to the owner.

The action extended the life of the housing but at a much lower cost than redevelopment.

From 1978 the Birmingham venture was specially funded under the urban programme. It proved so successful that in 1982 the DoE in order to spread the idea to other local authorities accepted it could form part of ordinary housing programmes.

The transfer of finance was dramatic for Birmingham which found its main housing allocation held back by Government moves to curb spending. The number of houses approved for improvement slumped from nearly 10,000 in 1983-84 to only 1,707 last year.

Approvals this year have climbed slightly to 2,500 but the city points out that every year about an additional 5,000 fall into disrepair. The city already has a stock of 75,000 pre-1919 houses each in need of rectification costing at least £2,500. New council house building has been hit similarly with only 248 scheduled for completion this year.

Birmingham for all its much-publicised problems and special help, faces a mounting problem just on housing. Nor is it alone, as the forum of county councils has made clear.

POST-WAR CONSTRUCTION IN BRITAIN

What went wrong?

A leading architect gives his views on the problems

WHAT HAS gone wrong with the building of modern Britain that so little of what has been constructed since the war is regarded as having merit, and so much is considered a disaster?

As each successive demolition of an ill-conceived or badly built tower block further bruises an already, if very often unfairly, damaged reputation, it is a question architects and planners have been struggling to answer.

The answers are undeniably complex and it is a story from which neither political party emerges smelling of roses.

One key, according to Prof. Douglas Wise, director of the Institute of Advanced Architectural Studies at York lies, however, in the atmosphere and attitudes of the immediate post-war period when a strong desire existed to reshape society.

"No one was asking us when we were coming to renovate old buildings, many of which had been pushed further into decay by the war. It was: 'When are you going to pull this lot down,' observes Prof Wise, an architect of 40 years' standing whose professional life embraces all the major shifts of recent years—from post-war reconstruction in Newcastle, to system building and to rehabilitation.

The possibility of tackling redevelopment on a comprehensive basis had been opened up, too, by extensive wartime damage, leading planners to think in terms of further widespread clearance schemes.

City after city was seduced by the mirage of a massive rise in land values once low value property had been cleared and bigger sites assembled. What had not been realised was that these supposed values would in many cases prevent land even to this day being brought back into use, while enormous additional costs would be generated by the social problems subsequently to arise from the decantation and splitting up of stable communities.

Lessons

Another strand in this post-war thinking, Prof Wise notes, was the concept of use-zones. The idea was that because industry had often been a noisy, dirty or smelly neighbour in the past, it would make sense to divide off offices, houses and industry into their own separate compartments.

"The theories of town design in the post-war years which were supported by society at large neglected the lessons of history which had always indicated that the good urban places and spaces we enjoyed were the result of organic growth."

At the same time, as another distinguished architect, Patrick Nuttgens, observed in his recent BBC2 series the Flight from Utopia, the politicians were caught up in a bid to outdo each other in house building.

The conventional wisdom was that in a tight island like Britain, room could only be found for the number of people requiring rehousing, by building high. The land relased by building upwards would, it was thought, create valuable new community space, and the problems arising from the fact that building high often isolates land, by overshadowing it, were not foreseen.

To meet the demand, the building industry was strongly encouraged to build quickly, and to invest in factory-based building systems.

The trend towards the rehabilitation of buildings rather than their demolition was prompted in the first instance, Professor Wise argues, by economic considerations when councils found their new building costs were being affected in the 1960s by rising material prices.

Other developments soon

CONTINUED ON NEXT PAGE

A double-sided picture

TWO VERY different urban renewal stories regularly present themselves from within the Greater Manchester conurbation.

First there is the variety of new schemes, some of them like the conversion of the old Central Station in Manchester into a conference centre, and the rehabilitation of the Pier area of Wigan into a leisure development, among the best of their types in the country.

At the same time a number of reports reveal the chronic backlog of sewer, road and house repairs. In the city of Manchester alone £600m is the estimated cost of bringing its public housing up to an acceptable level.

While the number of houses classified as unfit has steadily fallen, the number in the lower category of "disrepair" has risen at a time when the Government's housing capital allocation for the country's districts has been halved in real terms since 1979.

The road patterns within the county are in many places outdated. The sewerage system is a management nightmare. Worse still, some of the planning of the 1960s was ill-conceived, and the construction and architecture of many of the modern office blocks, and shopping facilities in the main centres has proved to be poor.

The policy of population dispersal in the 1960s when 85,000 houses were bulldozed in Manchester alone and many of their inhabitants moved to Tameside and Rochdale on the outer fringes of the county is now seen as a mistake.

Despite a programme of land reclamation, derelict land as defined by the Department of Environment has steadily risen since 1974 from 8,400 to 10,000 acres. The total amount of vacant land amounts to a staggering 7,200 hectares on 2,370 sites, the equivalent of 12,000 football pitches. Through demolition and re-use, unoccupied older industrial floorspace has been shrinking but still stands at 16m sq feet.

Nevertheless, urban renewal projects are in hand, reflecting in part the conurbation's realisation that many older buildings could have a future as leisure or tourist facilties. The rehabilitation of the old Central station into an international exhibition centre at a cost of £22m is due to be completed soon in a joint development between Commercial Union Properties and Greater Manchester Council.

The Air and Space Museum, a city council venture in the old Exhibition Hall, and the Greater Manchester Museum of Science and Industry in the former Liverpool Road railway station (the world's first station) have created a pleasing atmosphere in that part of the Castlefield district.

Plans to include Granada Television's Coronation Street set alongside, as a tourist package, are proving difficult to negotiate, however, and faster progress needs to be made in improving Castlefield's environment, particularly through the opening up of the stretch of canal where the Bridgewater and Rochdale canals join.

Greater Manchester

NICK GARNER

St Ann's Square in the centre of Manchester has been made into an attractive precinct and a clutch of warehouses in the city's rundown commercial textile district have been converted into offices. One of these buildings houses the substantial trade centre for the Chinese community which has made a big impact in bringing life back to that part of the city.

So, too, has the re-opening of the Opera House for musicals and other shows at the other end of the city centre. Transformation of one of Manchester's old markets into a craft centre has been an architectural success but it has to meet the problem of an out of the way location. Small pockets of new housing and flats have been introduced into Manchester's centre to help bring people back to the city.

The £3m Wigan Pier development was formally opened last month. This attractive scheme incorporates a "living exhibition" of Wigan, a public house named after George Orwell whose book The Road to Wigan Pier helped to elevate the Pier into national folk culture, and walkways. The conurbation's towns like Rochdale and Bolton have managed to retain much of their character under the onslaught of brick and glass.

The county council in co-operation with the districts has run a ten-year programme of opening up the river valleys in improvement schemes often linked to country parks. The Tame, Medlock, Mersey and Croal-Irwell valleys were first on the list and more recently the Etherow-Goyt and Douglas valleys have been tackled.

The big test of whether the county can generate enough energy and money and utilise the right amount of management expertise for urban regeneration is still ahead, however.

Salford city council recently unveiled a massive and ambitious scheme, Salford Quays, to bring housing, leisure and small businesses to the defunct Manchester dock area. A British Caledonian hotel is already under construction close-by but the council has already been privately criticised for trying to do too much itself and some worries have been voiced that the overall scheme must be a prestigious development or it will fail.

Partly linked to Salford Quays is the question of what will happen to the upper 23 miles of the Manchester Ship Canal which the canal company has given notice will be shut in 1987. Talks are under way between the canal company and local authorities to see how that stretch of water can be kept open.

Yet, the overall impact of such schemes on the major environmental problems of the area is limited. One third of the county's 1m dwellings were built before 1919. A quarter of the total is classed as unsatisfactory either because they lack basic amenities or are in a state of disrepair at least to the tune of £2,500 each.

Problems in the private sector outnumber those in the municipal owned housing. Council officers believe the Government's proposal to turn improvement grants into loans might jeopardise improvements in up to 90,000 houses.

Post-war rebuilding problems

CONTINUED FROM PAGE 4

added to the momentum, three of which were cited by Mr Nuttgens. These were first of all, the Ronan Point disaster, which seriously undermined public confidence in tower blocks, the Poulson affair, which exposed public corruption in local authority dealings with their advisers and suppliers; and the Civic Amenities Act of 1967 which introduced the concept of conservation areas.

The results of this new concern to regenerate rather than replace can now be seen in towns and cities big and small throughout Britain and are themselves likely to be the subject of the next debate over the planners' and architects' contribution to Britain's late twentieth century environment.

On the positive side, Prof Wise observes, has been a new concern about the quality and scale of the existing situations in which new developments take place. Greater thought has been given to the use of familiar materials and familiar building elements, and there has been greater concern to integrate the new with the old.

There has also been increased interest in making buildings more attractive. The cleaning of many older facades has revealed hitherto forgotten detail and encouraged designers to break with the bland, faceless style of recent years. Brickmakers, for example, are experiencing a healthy demand for the specials they list in their catalogues.

Designers, architects, and planners now have to look at the context, and recognise the characteristics in terms of heritage, materials, colour, pattern and rhythm. This has been done successfully Prof Wise argues, in a number of recent schemes including Coppergate in York, Hobhouse Court, off Suffolk Street in London, St Katherine's Dock in London, and the Ridings Centre at Wakefield.

There are nevertheless, dangers inherent in the current passion to preserve and a proper balance between old and new needs to be preserved.

"Almost the last thing you can now do in this country is to pull a building down. The danger is that as a result of our attachment to history we are now conserving environments which we should be looking at much more critically. We must care for what has been left but we also have to add our own contemporary dimension, and we are in danger of failing to do this," Prof Wise notes.

In older towns and cities, because of the strength of the conservation movement, there is very often a fear of taking the wrong decisions, and the risk of choosing instead to make all the new buildings look exactly like the old. "There must be a creative response to any environment."

The diminishing contribution which the cash-limited public sector has been able to make is also worrying Prof Wise. "The major post-war contrbutions to housing have nearly all come from the public sector," he argues, with the Greater London Council (and its predecessor the London County Council) responsible for some notable schemes that have worked very successfully.

He is also proud of the renowned Byker scheme in Newcastle to which his own partnership contrbuted, and he argues that social problems associated with large-scale housing are very often the result of failure to include the intended community amenities.

"My concern is that the Government thinks all our problems will be solved by involvement of the private sector. The big builders, are essentially looking for simple solutions. They want greenfield sites that are flat, well drained and with services in. They will build without regard for the site or for local conditions. They will not work where it hurts but that is where so many of the problems are."

RHYS DAVID

Prof Wise: complex issues

Test case for central or peripheral shopping

THE ANSWER to a question which a lot of British cities are asking could emerge from the Welsh capital over the next few years: can out of town superstores and city centre shopping cohabit successfully, or does the former inevitably lead to a decline in the latter, adding still further to the burdens of local authorities trying to maintain jobs and commerce in traditional town centres?

Cardiff, a relatively compact city with a population of 300,000, could provide an ideal testbed for a number of reasons. It has a vibrant shopping centre which in recent years has attracted a number of new retailers. This strong consumer spending in the area has not gone unnoticed by superstore operators, and, when a new Tesco store is opened on the main road west, Cardiff's western, northern, and eastern approaches will stand commanded by strategically placed developments, planning permission for each of which has been granted only on appeal and in the face of opposition by the city council.

The basis for opposition was the likely effect on a redeveloped city centre which has managed to remain a strong focal point for the community and which, even more importantly, has escaped hitherto many of the social and economic problems found in other conurbations.

For this good luck as much as good planning has been largely responsible. There were in the 1950s and 1960s long delays in drawing up a redevelopment strategy while councillors pondered over what sort of scheme would reflect the dignity a first city should have.

After several costly planning studies, the Ravenseft Partnership was appointed to undertake a vast comprehensive development scheme, but before it could be embarked upon it had to be abandoned because of the property collapse of the early 1970s.

Out of the ashes have emerged a series of measures carried out by a variety of developers on a much more human scale, the overall effect of which has transformed Cardiff's city centre from declining retail and commercial competitiveness to relative buoyancy.

Whole streets of older buildings of poor quality have been pulled down, and new buildings put in their place, to the south of Queen Street, the city's main shopping route. Elsewhere sensitive infill has taken place as at Jones Court in Womanby Street, one of the oldest roads in the city.

The catalyst for much of what has happened has been the principal element in the rebuilding package, the St. David's Centre, for which the Heron Group was chosen as developer. Its main facilities include a conference and concert hall and retailing, with a new Debenhams store as the anchor.

Cardiff's council, as the planning officer, Mr Eurfyl Davies, points out, decided that this had to be high quality and has put pressure on other developers to follow this cue.

The strengthening of the city centre has generated other investment. With the aid of Urban Development Grant, Commonwealth Holiday Inns of

Cardiff

RHYS DAVID

Canada is erecting a £9m new hotel on land which had lain derelict for some time, close to the main station. The Land Authority for Wales and the Wales Gas Board, both of which were considering out of town developments, have also been persuaded to stay in Cardiff's city centre, respectively in the former Custom House, and in a purpose built 200,000 sq. ft. block.

To the south of the main railway line which bisects Cardiff, a big dockland redevelopment scheme, for which Tarmac has been appointed, will shortly get under way. It involves building new homes alongside a disused dock, refurbishment of old warehouses, some new industrial building including a high-tech element, a new county hall for South Glamorgan and leisure development.

The revival of Cardiff's city centre has been achieved, Mr Davies argues, by virtue of a consistent planning policy in favour of maintaining city centre activities which has drawn support from whichever party has been in power, and it is challenges which this policy is now undergoing that are seen as potentially the greatest threat to the continued success of the city centre.

Apart from the development of the three superstores—which join a number of others already established in South Wales—structure plan proposals put forward by South Glamorgan envisage a number of sites on the fringes of the city being used for retail, commercial and industrial development.

Many of the developments which have come to Cardiff and helped regenerate its centre would not have done so if the subsequent erosion of the city's policy on out of town facilities had been foreseen. Mr Davies claims. "There is a mutual advantage to commerce and retailing of proximity which will be lost if dispersal takes place. Other services which the centre can offer in the cultural and leisure field will also be weakened," he argues.

The council's critics claim these fears are exaggerated and that there is room for both city centre and out of town shopping. Indeed they suggest that the trend to car-borne shopping in major superstores is a response to a genuine public demand, while commercial and industrial development will create jobs for surrounding areas. The role of the city centre might change, but it will remain dominant in areas such as fashion where a wide range of choice is sought.

The Welsh Office in granting the three superstore applications on appeal has indicated that insufficient evidence has been offered to demonstrate that the dire consequence predicted by the city will occur. In general, Welsh Office policy follows guidelines laid down by the Department of the Environment—that it is not a function of planning to inhibit competition between retailers or in methods of retailing.

The DoE does recognise, however, that planning authorities may in exceptional circumstances have to take into account the cumulative effect of large scale developments, and it could be this criterion will prevent further applications in the immediate Cardiff vicinity from succeeding.

For the moment this is where the argument rests. Both sides will be watching closely the pace at which future development takes place—and for signs from the city centre letting market—for evidence to support their respective cases.

Organisations involved in urban renewal in the UK: who does what

THERE IS supposed to be nothing more powerful than an idea whose time has arrived, and this has certainly proved true of urban renewal.

Since the realisation began to dawn that wholesale clearance of areas and rebuilding could no longer be afforded, and might not even be desirable, a strong head of steam has built up behind the alternative approach—taking the best of what has been inherited, restoring it where possible, and adding new developments on an appropriate scale and in a sympathetic manner.

The following are just some of the organisations working very actively in the urban renewal field:

BRICK DEVELOPMENT ASSOCIATION (BDA)

The new emphasis on renewal has been good news for brickmakers whose order books have been badly hit in recent years by lower levels of construction activity, particularly in public sector housebuilding. Renewal, because it involves blending in with the past, means more often than not the use of brick rather than competitive materials, such as concrete. In a classic soft-sell exercise, the BDA has been hosting a series of presentations throughout the country for planners, civic leaders, architects, and designers, showing how brick can be used to revive decaying urban areas.

BDA, Woodside House, Winkfield, Berkshire SL4 2DX. Tel. 0344 885651.

* * *

BUSINESS IN THE COMMUNITY

Britain's big industrial groups, because of the factory closures forced on them by changing industrial trends, have been responsible indirectly for much of the industrial deterioration in big cities, and the associated problems. Their desire to make amends has been channelled in many cities into support for the enterprise agency movement, the umbrella body for which is Business in the Community. The selection of outstanding contributions is invidious but among those recognised as leaders are BAT Industries and Plessey in Liverpool, and Marks and Spencer and National Westminster Bank (just about everywhere).

Business in the Community, 227A City Road, London EC1K 1LX. 01-253 3716.

* * *

BUILDING CONSERVATION TRUST (BCT)

Supported by a variety of donors, the trust runs a permanent public exhibition at Hampton Court. Entitled The Care of Buildings, this deals with the problems of maintenance likely to be faced by the owners of older buildings, whether cottages or castles, and points them in the direction of appropriate skills, advice or assistance.

BCT Apartment 39, Hampton Court Palace, East Molesey, Surrey, KT8 9BS. 01-943 2277.

* * *

BUILDING SOCIETIES:

The wheel has turned full circle from the debate of a few years ago when building societies were castigated for declining to lend on some properties in rundown inner urban areas, the so-called practice of 'redlining.' Now a number of societies, including giants such as Nationwide, Woolwich and Abbey National are keen to be associated with urban renewal. Imaginative schemes have been worked out with builders, local authorities, and housing associations. In most cases this involves the provision of finance to enable lower income earners to acquire a stake in home ownership.

CITY ACTION TEAMS:

Set up by the Government to cover the inner city partnership areas of Birmingham, Liverpool, London, Manchester and Newcastle, the teams are intended to bring together the efforts of three departments Environment, Trade and Industry and Employment. Significantly, following the ministerial reshuffle last month, reporting has been transferred to Lord Young at Employment. Their task according to Government is to see that resources are used more effectively in promoting the inner cities. Local authorities, always suspicious of too close Government involvement in their affairs, say they are hoping the teams will sort out the bureaucratic tangles which emerge when different Government departments compete with each other in the same areas.

Department of Employment, Caxton House, Tothill Street, London, SW1H 9NA. 01-213 3000.

* * *

DEVELOPMENT CORPORATIONS (London Docklands and Merseyside):

Regarded by the Government as one of its shining successes, the development corporation model could be extended to other areas where seemingly intractable problems have paralysed efforts to overcome dereliction and decline.

Merseyside DC, Royal Liver Building, Pier Head, Liverpool, L3 1JH. 051-236 6090. London Docklands DC, West India House, Millwall Dock, London, E14 9TJ. 01-515 3000.

* * *

EUROPEAN COMMUNITY:

The European Regional Development Fund can make EEC money available to assist with infrastructure investment, to finance certain industrial projects and to help areas where older industries are in decline. All applications have to be channelled through the British Government machine, however.

Department of Environment, 2 Marsham Street, London, SW1P 3ETS. 01-212 3434.

* * *

ENGLISH HERITAGE (and its counterparts in Scotland and Wales):

This, the shorthand title for the Historic Buildings and Monuments Commission, can make grants for the repair of historic buildings, towards conservation area schemes, and to town schemes. Among the more notable projects it has backed over recent years are improvements in Newcastle's Clayton Street and Quayside areas and repairs to 18th and 19th century terraces in Liverpool.

E. H., 25 Savile Row, W1X 2ST.

* * *

HOUSING CORPORATION:

The main funding body for the 2,600 voluntary housing associations operating in Britain.

H. C., 149 Tottenham Court Road, London. W1P 0BN. 01-387 9466. National Federation of Housing Associations, 175 Grays Inn Road, London, WC1X 8UP. 01-278 6571.

* * *

INNER CITY ENTERPRISES:

Not an organisation that has yet covered itself in glory, ICE arose out of the Financial Institutions Group, the group of institutions created by Mr Michael Heseltine the then Environment Secretary after the Toxteth riots in 1981. ICE has been funded by the institutions with £1m to package inner city projects to make them attractive to pension funds, insurance companies and the like. In its first year of operation, however, its persuasive powers have proved limited and a new strategy has had to be adopted.

URBAN RENEWAL INFORMATION SERVICE:

A new service being set up by the Glasgow-based independent centre, the Planning Exchange. It will collate information on a project basis on schemes taking place around the country with the aim of stimulating further developments.

The Planning Exchange, 186 Bath Street, Glasgow, G2 4HG.

Urban problems are now at the top of the agenda for the new Environment Secretary, Mr Kenneth Baker. He is seeking a big increase in funds for housing but is likely to run into strong opposition from the Treasury

Future lies in subtle mix of old and new

Architecture

COLIN AMERY

BRITAIN is a small island with a very large physical urban inheritance. Because this is the place where the industrial revolution began, that inheritance is often out of date and unusable in the contemporary world. The changing nature of the industrial base has meant a constant process of redundancy in our major towns and cities.

One of the first contributions to the solution of overcrowding and congestion of the inner cities came from the New Towns. They did follow many of the precepts of the pioneer thinkers, Ebeneezer Howard and Frederic Osborn. Towns like Welwyn Garden City and Letchworth and more recently Milton Keynes, which have incorporated low rise housing, gardens, greenery, and workplaces close to the residential areas to remove the curse of commuting are successful social and urban experiments.

American cities were seen in the 1970s as warning of the evil of ghettoes and of the consequences of unrestricted growth. Affluence had encouraged the spread of the suburbs for the economically mobile—leaving regions in the city centres that were areas of high density social discontent.

In the UK the far extended activities of the relatively new profession of urban planners has forestalled crises on the scale of the abandoned ghettoes of New York or Chicago. However, physical planning on the large scale has often been unable to solve the social and political problems of run down areas. The movement of inner city populations to new towns often ended the extended family and left behind a disoriented population.

The future for urban renewal today lies in a return to some of the traditions that were rashly overturned and ways are being found of utilising the best of the existing infrastructure. In London's Dockland it is possible to examine the latest approaches to urban renewal as carried out by a new-style development agency. The London Docklands Development Corporation is not like the older new towns which had their own powers to build but is an enabling body that tries to attract private enterprise by providing some of the infrastructure.

In architectural terms this has had mixed consequences. The real infrastructure of the docks was the actual dock basins full of water. Imagination was not available to turn dockland into a second Venice but there are some developments that utilise the dockland tradition.

London's Dockland buildings were grand brick warehouses and the same stock brick is being used in some of the housing schemes. The architect Jeremy Dixon's housing scheme for Dudgeon's Wharf on the Isle of Dogs (for Costain) shows how traditional brick and an almost Georgian street pattern is appropriate for the inner city.

Another design for dockland by the architect Richard MacCormac for the basin at Shadwell also utilises the warehouse aesthetic and successfully uses tall buildings right up to the water's edge. The least satisfactory part of dockland's renewal is the scale of much of the commercial development. One scheme, Heron Quay (Tarmac Brookglade Properties) by the architect Nicholas Lacey has achieved a real sense of the Thames with balconies and riverside walkways, but many of the others are the kind of industrial shed that could be erected anywhere.

The advantage of the existence of a body like the London Docklands Development Corporation should be that it can show responses to the local needs and understand community pressures. Alas, the first aim of the corporation is to fill up as much of the empty land as possible according to the whims of the market. This does mean that the bad local authority housing sits cheek by jowl with high tech sheds and luxury riverside housing. In Liverpool the approach to urban renewal has at least been leavened by the rise of community architecture.

Despite the militant local political situation in Liverpool there are pockets of civilised redevelopment that have arisen out of the new community movement. It is something that will grow because small groups of residents who do not want to be moved to the far flung council estates are holding their ground, and, with the aid of central government money, paid through the Housing Corporation, they are building small areas of housing in the parts of the city where they want to live.

The community groups, like the Weller Street Co-op and the Eldonian Community Association are establishing oases of appropriate housing designed by architects of their own choice. The Eldonians are very ambitious and have taken on the site of the old Tate and Lyle factories alongside a canal, an archetypal old industrial area.

The community association plans housing, light industry and social facilities — all designed by their own architects, and with the conviction that they want to recreate the kind of small scale urban village that so much authoritarian planning has destroyed.

Much of the old infrastructure of Liverpool has gone but the Merseyside Development Corporation is tackling the rescue of the grand Albert Dock with vigour. It is planned to be a kind of Covent Garden with shops and flats and an extension of the Tate Gallery—the Tate of the North.

Birmingham, Bradford, Bristol and Leeds are all the kinds of cities that have suffered from the kind of renewal approved of by planners in the 1960s. Zoning restrictions, and an almost conspiratorial prevention of inventive architecture are the consequences of our over-elaborate planning system.

In Berlin it is possible to see how the opposite approach of stitching up the urban fabric can work successfully. Within the existing city grid, Berlin has renewed itself gradually block by block. It is bound to be imperfect in some ways but the approach is less destructive than the kind of gigantism that has pervaded British cities since the war.

In British cities it is the infrastructure of the nineteenth century, canals, railways, warehouses and factories and the detritus of the more recent rebuilding since the war that combine to pose enormous problems. To resolve the dilemma a mixed approach is needed—utilising the energy of the local communities within a framework of enlightened planning. The key to success is a respect for the building traditions of the area and a subtle mix of old and new. Nottingham's Lace Market, Manchester's Castlefields, and Covent Garden have shown the way. These schemes show that it is possible to allow the past to assist the future. Respectful renewal not remorseless destruction is what succeeds best for the centres of our cities.

HOW BRISTOL IS BRINGING AN HISTORIC CITY SITE BACK TO LIFE

Problems transformed into assets

SOME YEARS ago, when Bristol City Council was faced with the problem of increasing dereliction at the historic docks near the city centre, it was suggested that they should be filled in and concreted over.

The idea was rejected and what was once a serious urban renewal problem for Bristol has now been turned into one of its most important assets, not only as a tourist showplace for its ancient maritime heritage but as a commercial centre.

This has not been achieved overnight and there is still a long way to go before the docks' full potential is achieved, but the handling of development since the quays and wharves became effectively redundant in the 1960s has been admirable in many ways.

The council embarked on a policy of using its own limited resources to encourage private investment of many kinds, while at the same time retaining enough control to ensure that the best use was made of the area.

While some of the buildings were fine examples of their period, and were suitable for relatively easy conversion, many were sheds and others too derelict for further use. However, the normal planning powers held by the council were sufficient to control the style of development.

The council also owned much of the land and a network of planning briefs was devised to lay development guidelines. These had to be followed if planning permission was to be granted. Other land is owned by British Rail and Imperial Tobacco, including some old tobacco warehouses.

One of the earliest conversions was an 18th century warehouse for the Arnolfini arts centre and overall frontage plans were decided by the council about 12 years ago.

It was recognised then that the expanse of water within the docks could also be turned into an asset, as has been proved. The need to create balanced development, including housing, services and business activity, was also accepted.

An example of the flexibility needed for success was provided recently when three derelict warehouses, on which a preservation order had been placed, were given free of charge to a developer on the understanding that they were used in an acceptable way. "You some time have to give a little to gain a lot," a council spokesman said.

The key to the success of the docks development has been similar in some ways. Since putting in money, and sharing a willingness to push ahead, the council has been backed by millions of pounds of private investment.

The successes are too numerous to list, but among the most notable are the Maritime Heritage Centre, an exhibition in converted Victorian warehouses, the Watershed media and communication centre, the Arnolfini, the Baltic Wharf leisure centre for water sports, the industrial museum and a number of floating and quayside pubs and restaurants.

A number of successful annual events, such as the annual World Wine Fair, the Grand Prix powerboat race, and others have also provided an encouraging flow of visitors.

Perhaps the most important achievement has been in bringing Brunel's steamship Great Britain back to the dock where she was built in 1843. Private funds from philanthropists have been provided for this great undertaking, while both the English Tourist Board and the British Tourist Authority are now contributing funds for attracting tourists to the docks.

Looking ahead

It is estimated that it will take another 10 years before this part of the city is fully developed, since there are still large areas such as Canon's Marsh which offer great opportunities. It is hoped that in this period, additional housing, shopping precincts, hotels and conference facilities can be built.

But tackling new areas such as Canon's Marsh is not without the familiar problems of urban development, such as the need to generate enough confidence, without heavy public spending, to attract private capital to a still depressed part of the docks.

Some housing developments, such as that at Baltic Wharf, have shown that an alternative environment can be created for residential purposes if densities are not too high and the architecture is suitable.

Baltic Wharf consists of seven courts, each made up of flats and houses and some of them fronting on to the water. The design is aimed at creating a community atmosphere with communal areas of landscaping.

A development of a different kind is Merchants Landing, an historic area of the docks where a pair of ornate brick warehouse façades, in "Bristol Byzantine" style, have been preserved.

The building behind them contains squash courts while the quayside character of the rest of the frontage to Bathhurst Basin has been preserved with a terrace of three-story houses linking the warehouse fronts to the restored town houses at the other end.

Most of the site has been devoted to residential use. The only commercial buildings are inter-connecting blocks of offices on the road side of the area, in which great ingenuity has been shown.

These are only a few examples of highly successful development in a part of the city which admittedly had great potential but nonetheless needed forsight, imagination and perseverance to bring it back to life.

LORNE BARLING

A renovation bonus for the specialists

The role of brick

RHYS DAVID

BRICK KEEPS Britain beautiful is the message beaming down from poster sites all over Britain — a cleverly worded slogan which the Brick Development Association, the industry's trade body, hopes will hit a number of targets.

Primarily, it is the industry's response to a severe decline in sales over the past decade as a result of spending cutbacks, particularly in local authority housing programmes. From a peak of 8bn bricks produced in 1972, just before the first oil crisis, output has halved, and brickworks up and down the country have been closed as production has been rationalised.

The slogan is also meant to hark back to a similar campaign in the early 1970s under the heading Brick is Beautiful, and just as importantly to link brick in firmly with the current movement to restore and renovate Britain's built environment rather than start again from scratch.

Urban renewal has been a boon for the brick industry, and one that it has shown itself determined not to waste. Many of the buildings being restored such as the Albert Dock complex in Liverpool are brick, and have needed large quantities of matching new bricks to replace those that have been damaged by time. Much of the infill development that is taking place in the centre of towns and cities, where a few years ago comprehensive development would have occurred, also involves the use of brick so that buildings capable of fitting in with the existing environment can be created.

Even where major new developments are taking place brick has been gaining an increasing market share as part of the revolt against the drab concrete structures which symbolised much of the comprehensive redevelopment phase of Britain's post-war rebuilding. Many of the superstores which have been developed over recent years have used brick, partly in an attempt to create an outside appearance that is not too forbidding and can demonstrate a human scale.

The brickmakers have responded in a number of different ways to the new market situation in which they have found themselves over recent years where orders have had to be fought for against strong competition from each other and from competing materials.

All the major manufacturers have been putting much greater effort into the production of literature directed at architects and other specifiers with strong emphasis on technical properties and design ideas.

Competing materials

Just as importantly, a brick is no longer just a brick for many manufacturers, but comes in a variety of different types. All the big groups go to considerable effort to produce ranges of specials which enable designers to introduce special architectural features, or even terra cotta effects, or to create different coloured patterns to break up large uniform spaces. In some cases old brickworks have been re-opened and capacity expanded to meet the much more varied demands now coming from the market place.

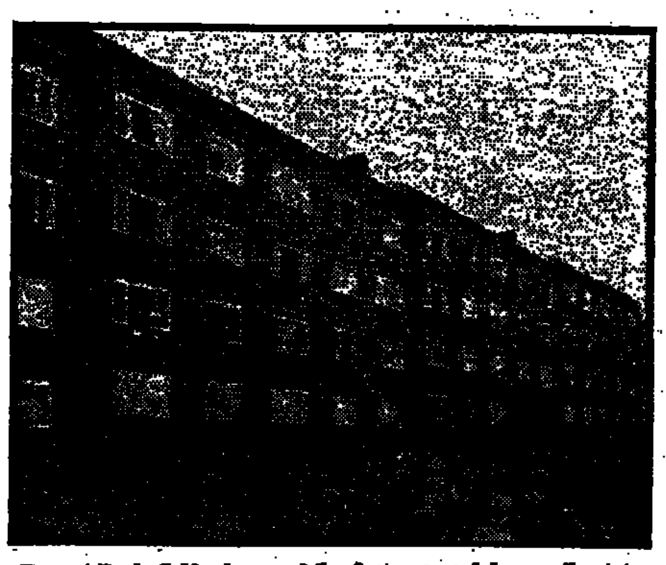
Redland, for example, reopened its Otterham brickworks near Rainham in Kent in September 1984 to produce a range of high quality yellow stock bricks, of the sort widely used over the ages to build London, both for the refurbishment market, and for new developments that need to blend in with the existing environment. Production at Otterham has since been doubled, as demand from rebuilding schemes in London, and in particular docklands, has grown.

Ibstock, with a strong presence in the specialist sector of brickmaking, has supplied purpose made bricks for the redevelopment of the Albert Docks, Britain's largest group of grade one buildings which is now on its way to a new existence as a waterfront complex of tourist, housing, office and workshop facilities. The replacement bricks in Imperial sizes were needed to rebuild areas where rust-swollen iron had damaged the originals. Ibstock estimates some 20 per cent of its annual output of 280m bricks is going into repairs.

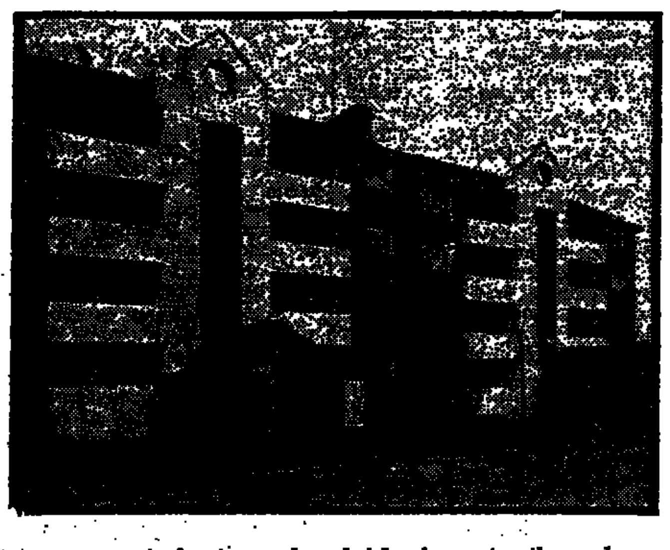
Another of the big brick companies Steetley has also produced a special range of bigger Imperial bricks for use on renovation and improvement of older properties. The bricks are designed to provide a blend with existing brickwork and are usually supplied in a smooth red weathered form. Among the local authorities using the bricks in restoration schemes have been Birmingham and Sheffield.

Steetley says it will manufacture other Imperials to meet customer requirements: it supplied a buff brick for renovation and extension of York's historic railway station, a candidate itself for demolition only a few years ago.

Other brick makers such as Butterley, Armitage, Westbrick and Nottingham, are making similar efforts to cater for designers' requirements and some have also moved heavily into another market that has opened up in urban renewal and new development schemes — brick paving.



Regent Park, Salford, one of the first successful council estate refurbishment schemes. Changes introduced by the Barratt Group include a reduction in density from 208 to 170 apartments, landscaping and redesign of the road system and complete internal and external renovation of the buildings themselves. The refurbished apartments, below, have been sold at prices from £13,950. Finance towards the cost of the scheme came from the Government's Derelict Land Grant and urban programme



The builders move in

Housing Estates

RHYS DAVID

ALMOST UNNOTICED, the character and appearance of many of Britain's public sector housing estates has been radically changing over the past year or two.

While disrepair—estimated as a £19bn headache nationally—remains the major concern of local authorities, at least some properties have achieved a transformation.

In some places the tops of four-storey maisonettes—one of the less enlightened 1960s' answers to housing need—have been simply lopped off, and new pitched roofs put on, creating pleasant rows of terraced properties with gardens back and front.

Elsewhere, rows of one- and two-bedroom Victorian houses have been knocked together, rewired, refloored, replumbed, redecorated, and equipped with central heating, with other environmental improvements taking place in the immediate neighbourhood.

In the best known cases, such as Barratt's Minster Court scheme in Liverpool, or Regalian Properties' Battersea Village in Wandsworth, balcony access 1930s multi-storey blocks which had degenerated into slums, have been saved from demolition to join the growing list of unwanted council house stock for which eager buyers have been found.

Behind these developments lie twin pressures. New council housebuilding by local authorities has been deeply cut back as a result of reductions in Government support. Housing spending as a proportion of GDP is now down to 0.9 per cent compared with 2.2 per cent in 1979, and over the same period allocations for public expenditure by local authorities on housing have fallen from £4.4bn to £1.5bn at 1984-85 prices. This reflects the government's wish to cut public expenditure and its belief that local authorities should not be allowed simply to build more houses to replace the mistakes of the past.

The much smaller council building programme has in turn put considerable pressure on builders, big and small, who have traditionally relied on the public purse for a large proportion of their turnover. High land prices and tighter control over the release of previously unused land have also made life harder.

"There are fewer opportunities for new buildings for sale in the private sector and we do not get invitations to tender from the public sector dropping through the letter box," Mr Bill Stevenson, managing director of Bellway Urban Renewals, part of the Newcastle-based Bellway Group, observes.

Squeezed in the middle, very often, is the individual—perhaps a single parent or older person or low income earner—who can no longer get a council property and who cannot afford to buy a home of his or her own at prevailing market prices.

The way out of this dilemma has been through partnership schemes in which local authorities and building groups have come together to try and make better use of neglected assets such as hard-to-let tower blocks or maisonettes or to find ways of undertaking more new-build.

The formulae used have varied from case to case, but, in general, where such schemes have taken place councils have been willing to release blocks for nominal sums to builders, who, sometimes with the aid of Government grants, such as Urban Development Grant or Derelict Land Grant, have refurbished properties, and made them available to council house list applicants.

Tower blocks

The councils concerned will, generally, have a major say both in the type of accommodation to be provided, based on their understanding of local needs, and in price levels, which will be worked out to allow the developer an agreed level of profit. Margins are generally likely to be much lower than for new build but because the developer is not having to pay large sums for land his return on capital is likely to be significantly better. The builder finds any funds required on top of any grants through contacts with financial institutions, relieving local councils of the need to fund refurbishment of their stock.

Funds to assist purchasers have come from the building societies, reassured by the involvement of big builders. Lovell Group, for instance, which will shortly complete its 5,000th partnership property, has worked very closely on many of these with the Nationwide Building Society.

"When we started the building societies were looking for a conduit to channel more resources into urban redevelopments and we were seeking an enabling mechanism. It was a very good match," Mr Norman Wakefield, chairman of Lovell Group, observes.

On completion the properties are either purchased freehold or where this is not practical — for example in blocks with communal areas or where the schemes are designed for special groups such as the elderly — various types of trust have been used or housing association management has been called on.

When set against the grim statistics of council house decay — one third of a million properties hard to let, a million hard to manage, and 100,000 vacant, a quarter for more than a year — the impact has been limited. It has, nevertheless, brought tangible benefits which have proved sufficient to sustain growing enthusiasm by builders and councils.

Perhaps most importantly, the availability of property for purchase, from as little as £10,000-£15,000 in some cases, has put low income earners on the first rung of the property ladder.

"In the provinces, an unskilled worker can in some cases be earning £4,500 and can only obtain a small building society mortgage," observes Mr David Goldstone of Regalian which has carried out schemes in Wales, the Midlands, London and elsewhere.

Councils have benefited from the capital inflow from sales to builders and from rates income from properties previously unoccupied, and communities have gained from the new mix of tenure. Builders are pleased that councils in many cases now see them in a different light and believe they have also learnt from the exercise themselves. Co-operation has come from right across the political spectrum with Labour—though generally not the hardest left authorities—as well as Conservative councils setting up deals.

To match the new relationship they have developed with local authorities, the big operators in this field have set up special subsidiaries equipped with experts in financing as well as in building. "A new approach has been needed which is not that of either the traditional house builder or the contractor," Norman Wakefield observes.

Bowing to the fashion for acronyms Lovell itself has set up a team called Probe (Partnership Redevelopment of the Built Environment) which will carry forward its efforts in this field and eventually it is hoped involve other organisations with an interest in inner urban area redevelopment.

Not surprisingly, the Government regards partnership schemes as a considerable success and it is trying through the Urban Housing Renewal Unit set up earlier this year to persuade many more councils to examine, with builders, ways in which private capital can be brought into the public housing stock. UHRU plans to have talked to all authorities it intends to cover by the end of the current financial year.

Complex deals

The role of the unit will be to draw councils' attention to the best examples of what is being done around the country and to provide information on the sources of public and private funds which might be available to support schemes. As the most readily identifiable schemes are completed UHRU will also try to facilitate more complex deals where developers may be taking over parts of an area, with the local authority carrying out its own schemes in other parts.

Doubts inevitably exist over the potential loss to privatisation of some of the better parts of the council housing stock. Private builders are willing, for example, to take over brick-built 1930s blocks but have not shown comparable interest in system-built. In the drive to make everyone an owner-occupier there is also the danger that the needs of those who do not or cannot buy will be overlooked.

Conflict of interest could also intensify as councils and builders move away from already vacated blocks to areas where there are tenants who wish to remain. Alive to this the Government is thinking of incorporating in a suitable piece of housing legislation new powers to enable councils to move tenants from blocks it wants to sell. In such cases the tenants would have to be given suitable alternative accommodation and home loss payment.

The schemes undertaken to date have, nevertheless, made a small break in the spiral of decline which has long affected Britain's public sector housing. Low cost housing is being provided, too, more efficiently and economically than has hitherto been the case.

More initiatives under way

Corporate assistance

TIM DICKSON

CORPORATE philanthropy has a long, if patchy, tradition in Britain, a good early example perhaps being the "model" village in Bourneville, built in the last century for his employees by George Cadbury of the Birmingham-based chocolate firm.

Companies, however, have arguably never been so outwardly preoccupied by social affairs as in the last five years.

The riots in Toxteth, Brixton and elsewhere in the UK in the middle of 1981 are widely seen as an important turning point, arousing as they did the deep concern of a significant number of chairmen and chief executives of major British companies.

Accompanied by rising unemployment (particularly youth unemployment), this inner city unrest has influenced the development of a new code of social responsibility which would have been unfamiliar to businessmen in this country as recently as 10 years ago.

Such a philosophy, by no means coherent, comprises a curious mixture of genuine social concern, public relations hype, long term self-interest and an independent notion of the "good employer." There is more than a hint in many intiatives of old-style Victorian paternalism or noblesse oblige—but equally there is often a hard-headedness which would have been out of place in Britain until relatively recently.

Whatever the motivations, there have been a wide range of projects in the last few years sponsored by the private sector (often in conjunction with central government and local authorities) which can broadly be classed as charitable or non-commercial (at least at the outset).

- Legal and General Assurance, for example, is among financial backers of Project North East, a voluntary group which aims to promote the idea of and assist those interested in self-employment on Tyneside.
- BAT Industries in Liverpool and Brixton and other companies through the London Enterprise Agency (LEntA) in London, are among those to have financed the conversion of old, redundant buildings into workshop accommodation for the growing number of small businesses.
- Several major companies, including Citibank, BP and Marks and Spencer, have supported a non-profit making company which is investing in and refurbishing neglected residential property in Brixton.
- The four major high street banks, Marks and Spencer, British Telecom and several leading accountancy firms are among those to have sponsored local enterprise agencies.

A total of 201 companies now sponsor more than one agency—an increase of 42 per cent on the figure just over a year ago, while the number of companies sponsoring just one agency has risen from 1,477 to 2,242 according to the organisation Business in the Community.

As even these examples demonstrate, the focus of big company philanthropy is by no means confined to the run down areas of the inner cities. Businesses target their philanthropy in a wide variety of different ways including the education system, national charities, local community groups, youth training by going, for example, beyond the confines of the Government's Youth Training Scheme, and small businesses (via enterprise agencies). Many concentrate available resources on areas where their offices and factories are located: some operate their own programmes; others contribute to "voluntary groups" on the ground, or other intermediaries.

Philip Rock, assistant general manager of community affairs at BP, is not untypical of big company representatives when he says that "no large employer can afford to ignore the communities in which it operates. We feel that the more stable and prosperous local communities are, the better it is for ourselves and for industry generally. There is a large element of self interest in promoting a programme of secondment to job creating activities."

Motivation

Companies like Marks and Spencer, meanwhile, take as their motivation the idea that "prosperous back streets mean prosperous high streets." This is a sentiment with which claim-conscious insurance companies and customer-seeking banks would readily agree.

Businesses such as United Biscuits in Liverpool have felt obliged to put something back into communities where they have closed plants. Some see more than a streak of political expediency, as well. Others, like Hambro Life, believe community involvement is good for staff morale and feel an obligation to the wider environment in which they do business.

Despite the concern displayed in annual reports and the many conferences and seminars on the subject aimed at encouraging the private sector to show greater social responsibility, it would be wrong to suggest that UK companies are necessarily doing their bit. At an estimated 0.1 per cent of the corporate sector's pre-tax profits, the scale of private sector activity is still miniscule, unevenly spread, and dwarfed by the effort of some companies in North America (where donations of 3 per cent to 5 per cent of pre-tax profits are not uncommon).

Although Urban Development Grants have been a relatively successful incentive for inner city development Inner City Enterprises (ICE), another "child" of the 1981 riots, has had a disappointing start.

Created in response to the Financial Institutions Group set up by the then Environment Secretary Mr Michael Heseltine, the idea was to establish development opportunities in run-down areas and to help secure local regeneration by arranging funding among ICE's 49 institutional shareholders.

In practice, however, institutions remain reluctant to make individual investments in questionable locations.

ICE now intends to act as a principal rather than as an agent, and is trying to raise £3m so that it can "deal in property, undertake development and hold investments in its own right."

There remains, meanwhile, disagreement and confusion as to the best way to match companies' "charitable" resources with inner cities' needs. Many of those active in the field believe that there is a lack of co-ordination with the result that effort is duplicated or wasted.

A very low-key and unpublicised conference held at Buckingham Palace earlier this year under the chairmanship of the Duke of Edinburgh considered the idea of setting up a series of "community trusts" into which companies would be able to covenant their donations.

On the principle that every cloud has a silver lining, many will be hoping that the recent disturbances in the Handsworth district of Birmingham and Brixton will (like Toxteth four years ago) better concentrate corporate minds.

Demand grows for low-cost housing

A SENSE of frustration hangs over Britain's housing association movement—responsible at the last count for housing 1m people in Britain, and for carrying out many of the more imaginative new building and conversion schemes in inner urban areas.

The problem the movement seeks principally to address—the provision of decent low-cost rented housing—is growing rather than diminishing. In the first place, as commercial landlords sell up, the stock of private rented accommodation is shrinking. An estimated 100,000 units are disappearing each year, leaving the private rented sector with less than 10 per cent of the housing market compared with more than 80 per cent at the turn of the century. Public sector housing, too, has experienced a sharp decline as a result of spending cuts, and waiting lists, particularly in the South East, have grown. More people than ever in recent years are homeless, and far too many are living in costly bed and breakfast accommodation.

In these circumstances, it is to the housing association movement that many of the weaker elements in society, including low income groups, the handicapped and the elderly have traditionally turned. Equally important is the role housing associations can play in ensuring labour mobility. The unemployed are only able to move from parts of the country where jobs do not exist, to those where they do, if housing at reasonable cost is available, a point made in the Duke of Edinburgh's recent report on housing conditions.

Housing associations

RHYS DAVID

Yet, although the housing association movement is geared up to meet part of the gap in low-cost housing for rental, (and for sale) it is working at present, well below capacity. While completions have been holding up at around 30,000 homes for rent a year, reflecting work already in the pipeline, approvals are now running at half the 40,000 figure being achieved in the late 1970s.

"I would be shirking in my responsibilty . . . if I failed to put on record our considered view that housing for those in the most dire need . . . is now seriously under-funded," Sir Hugh Cubitt chairman of the Housing Corporation, the Government-backed body which funds housing associations, said is his annual report earlier this year.

Housing associations, as Nick Hughes, development officer of the movement's National Federation points out, have suffered from three funding blows: the Housing Corporation's budget—£829.9m in 1984 — has been declining in real terms over recent years; the imposition of value added tax on building repairs reduced available expenditure by £30m last year; and local authorities have passed on some of the limits imposed on them in the form of reduced support. At 1982 prices local authority lending to housing associations is down from £400m in 1977-78 to £100m in 1984.

Faced with a reduction of 60 per cent in the value in real terms of taxpayers' money since 1976, associations have had to branch out in a number of new directions, and in particular to seek out new sources of finance.

In the most important development to date, the Nationwide Building Society has put up a total of £30m in index linked mortgage finance to help low cost home ownership schemes. This "open-door" scheme, devised jointly with the Housing Corporation, has enabled public funds to be diverted into meeting VAT expenditure and maintaining the programme of homes for rent.

The Housing Corporation believes the management record of the associations and the value of their assets will enable them to attract further private sector funds. It is argued strongly, however, that such funds should serve to increase housing investment and should not be taxed away by a corresponding reduction in public funds.

A total of 46 new homes, built on derelict land at North Kensington in a partnership between Barratt and the Addison Housing Association. Britain's housing association movement now consists of some 2,600 societies providing low-cost accommodation on a non-profit making basis for rent or for sale. Special attention is given to the needs of low-income groups including the elderly and single parents

Legislation changes will release fresh funds

Building societies

MARGARET HUGHES

WITH THE cutbacks in public expenditure and the introduction of VAT on home improvement work starving local authorities of funds for inner city renewal schemes the role of the private sector and particularly building societies in urban renewal is now crucial.

The Government is known to be particularly keen to encourage building societies to direct more private funding towards home improvement and to play as wide a role as possible in its various housing initiatives. However, the building societies' participation is limited by present legislation, which allows them to own only the land on which their own premises are located. New legislation, which is expected to come into force in 1987, will change all that. It will allow building societies to acquire and hold land for housing development, to act directly as landlords of residential property and to own the rented element of shared-ownership schemes.

Many of the larger societies are known to be keen to make use of these powers, probably in partnership with housing associations, local authorities and private builders to provide property for both sale and rent. Societies would have access to cheaper finance than is normally available to house builders and not the same immediate need to maximise profits. Local authorities may also be more likely to release land to societies than to private developers whilst societies might be more prepared to accept local authority constraints.

A major initiative has been co-operation with house builders, local authorities or housing associations in building low cost housing for sale in inner city areas with building societies providing the finance on attractive terms. To date societies have been directly responsible for building around 2,500 units and saved a similar number from dereliction by financing rehabilitation and home improvements.

They are becoming an important source of finance for housing associations which are suffering from cutbacks in public sector finance, limiting the funds available to them from the Housing Corporation.

In the future societies expect to play a more important role in the provision of rented accommodation which they are already doing through their links with housing associations. The Halifax and Nationwide have sponsored the first single development offering a variety of tenures-cost sale, shared ownership and fair rent at Elm Village in London's Camden.

Some societies have done so by setting up separate organisations. Abbey National was the first to do so, forming its Housing Association in 1980, the year of the new Housing Act, when it became the first building society, albeit indirectly, to regain the role which building societies had over 100 years ago as house builders. It was followed shortly after by the Nationwide which established its Housing Trust and which has now invested over £36m in various developments throughout the country.

Some societies, such as the Woolwich, Leicester, Bristol and West, Midshires and most recently, the Anglia, have adopted the same route, setting up separate non-profit making units for which the society provides the funds and contributes to the management. But by law there can be no direct connection between the society and its related housing organisation.

Their activities have been stepped up since the Toxteth and Brixton riots of 1981. This summer's riots in the Handsworth area of Birmingham will inevitably give new impetus to such projects. These housing associations or trusts are primarily involved in new housing-building, providing low cost housing for sale and for rent.

Other societies, such as Britain's largest—the Halifax—have opted for the alternative route of simply providing finance for new housing projects undertaken by other institutions.

Building societies also participate directly in urban renewal by providing special lending allocations for the various government-sponsored home improvement and house purchase schemes such as Housing Action areas, the Local Authority Support Scheme, and "The Right to Buy," "Self Build" and "Stay Put" schemes. The Halifax, for instance, last year contributed some £320m for special housing schemes and this year has allocated £280m, whilst the Abbey National has allocated £230m this year.

In Housing Action — designated areas building societies provide the top up funds over and above the grants extended by the local authority for home improvements. The building societies contribution to this scheme has had to be stepped since the reduction in grants from 90 per cent to 75 per cent of improvements costs. Building societies have also taken over the previous funding role of local Councils in the Local Authority Support scheme, allocating funds for first time buyers and those in need who qualify under the scheme, so that they are assured of a mortgage. Since 1975, for instance, the Halifax has provided almost £700m in lending for this scheme.

Special allocations are also made to the "Stay Put" schemes operated by housing associations or local authorities aimed at enabling the elderly to adapt, repair and improve their homes to encourage them to stay in their existing homes which are often in decaying inner city areas. Under these schemes building societies will offer special low cost, interest-only mortgages. The capital is not repaid until either the not repaid until the property is sold or the owner dies.

The larger societies will also allocate funds for "Homesteading" schemes where the local authority sells empty dilapidated houses or flats from its housing stock for improvement by the purchaser. The building society then designates mortgages, usually for first time buyers, on these selected properties, and for "Enveloping" with the building society financing the internal improvements carried out by the occupier of properties and the local authority undertaking the external renovation work.

Societies also contribute to urban renewal through participation in shared ownership schemes providing the mortgage finance for that part of the property which the occupier purchases. But here again existing legislation prevents them from being landlords on the rented portion.

Under a scheme which was introduced experimentally by Nationwide with the Sutton (Hastoe) Housing Association, that association pays only that part of the interest due to Nationwide which can be covered by the rental it receives from the owner occupier. The rest is rolled over on the asumption that as the rental rises in future years it will be sufficient to pay off both the rolled up interest and the capital on the mortgage.

Another Nationwide innovation has been index-linked mortgages which reduce the front end cost of a mortgage. The interest charged is lower than on conventional mortgages and stays the same throughout the term of the loan. But the monthly repayments rise each year in line with the retail prices index. As a result the monthly repayments are lower than on a conventional mortgage in the early years.

The first scheme to be financed this way was the conversion of a warehouse in Ipswich into a block of flats for letting on a fair rent basis. The Orbit Housing Association, which built the flats, has since received a second index linked mortgage to fund the retained rental share on a shared ownership project for first time buyers.

Since then Nationwide has extended £15m in index linked mortgages in conjunction with another £15m in conventional mortgages to finance "Open Door" shared ownership schemes and other special housing projects. It has allocated another £7m for other index linked pilot schemes.

The Nationwide has also lent index linked funds to private builders Wates and Ideal Homes for on-lending to individual buyers on specific projects. But the use of index linked mortgages, which will be reaffirmed by the new legislation is limited by the unavailability of similarly index linked financing. However, societies such as the Nationwide and the Halifax, which is keen to offer index-linked mortgages but will only do so when it has matching funding, are well on the way to launching financial instruments which will be comparable to index-linked gilts.

Though under new legislation building societies will be able to play a much greater and more direct role in urban renewal it will not happen overnight. As those societies with experience of house building are aware, this is a high risk area requiring specific skills which most societies do not possess. The financial perils are high in building low cost housing in no-go areas to meet the needs of the "social" end of the market. Arrears are inevitably higher, as the two pioneers in the field —Abbey National and Nationwide—have found, experiencing losses on some of their developments and barely covering costs on others.

Urban Renewal 9

Renewed unrest in inner city areas has focused fresh attention on urban decay and dereliction

Search for solutions starts again

The Political issues

ROBIN PAULEY

THE RECENT violent and desructive riots in the Handsworth district of Birmingham and in Brixton in London have once again focussed national and international attention on Britain's inner cities.

Whatever the immediate cause of the upheaval the fact remains that September's riots occurred in the same districts as were affected in the hot and violent summer of 1981. Nobody was surprised it happened; nor would they have been if it had occurred in any one of a dozen other British inner cities.

The latest troubles have become immediately a major political issue, commanding the attention of the Prime Minister, Home Secretary, Opposition spokesmen and Parliament. At other times inner city problems have tended to have a low political priority in Britain—especially compared with the U.S. where the problems are both longer standing and deeper seated.

Although much of the political impetus has gone out of urban renewal since 1981, there have been some new initaitives. Britain has copied the U.S. system of Urban Development Grants which link private sector cash to public sector projects. In March 1983 Inner City Enterprises was established by 52 leading UK financial institutions to help City institutions identify investments in potentially commercially viable property developments in depressed urban areas.

In spite of a lack of enthusiasm for inner city problems by both the Chancellor and the last Environment Secretary, Patrick Jenkin, the Government launched a new initiative earlier this year when it created five City Action Teams to try to ensure that the Government's urban programme cash was spent more effectively.

After the 1981 riots Mr Heseltine, then Environment Secretary, infuriated his colleagues by beginning a now famous paper to Cabinet with the words: "It took a riot to make the Government take inner city problems seriously. . . ." In 1982, when he was again alone in worrying about the issue, he warned: "These problems are long term. They were born decades ago. There is no single cause of inner city decay and there can be no masterplan to provide a single solution. To think even of a planned solution is to ignore the kaleidoscope of chance that adds up to city life.

"To reverse the weight of historic tide can only be done within a medium to long time scale. "To offer simple or short-term solutions is to deceive the people. But if we do not develop an awareness of the problems, or achieve a massive sense of purpose in combatting them, we will not only have inner city decline, but we will see that decline spread."

Greenfield sites

The point at which economic and political considerations meet is unemployment which is at its worst in the inner city core areas where traditional manufacturing industries have expired and many other companies have moved out to more spacious surroundings in the suburbs, greenfield sites or new towns.

So while the national average unemployment rate remains stuck above 13 per cent, all the assisted areas in the regions have current rates far above that — 18.5 per cent in the south west, 20.9 per cent in the east midlands, 19.8 per cent in Yorkshire and Humberside and the north west, 20.9 per cent in the north, 18.4 per cent in Wales and 19 per cent in Scotland.

Only the south east at 9.9 per cent and the London travel-to-work area at 10.7 per cent are below average — and even within this area there are pockets of exceptionally high unemployment such as Hackney, Lambeth and Southwark, each with more than 20,000 unemployed and more than one-third of their youth out of work, rising to more than three quarters in some ethnic minority areas.

An analysis by the Association of District Councils (ADC) indicated that there are areas of severe urban decline in cities other than the handful usually quoted as being the worst.

The contraction of traditional industries has left its mark, too, in smaller towns and cities—the colliery, iron and steel closures in south and north Wales and the Potteries, the pit closures in Northumberland, steel closures in Consett, Corby and Scunthorpe, textile closures in Lancashire and Yorkshire, severe contraction of the fishing industry in Hull, Grimsby and Fleetwood have all been the start of severe urban decline.

The ADC summed up the socio-economic problem thus: "In urban areas, particularly the inner areas, there is often a serious mismatch of skills to the needs of industry. The unskilled and semi-skilled worker tends to remain behind as industry and skilled jobs move from the inner area.

"The unskilled worker is especially vulnerable because he is more likely to lose his job than the skilled worker, and finds it less easy to obtain work suitable to his capabilities.

"With the exodus of skilled workers, the inner urban areas are increasingly less attractive to new industry which requires a high proportion of skilled labour. The only way to attract skilled trades and professions back to the inner areas is by better housing, an improved environment and adequate social and leisure facilities."

These are the problems facing both central and local government. The Labour Party has tended to consolidate its political hold on inner urban areas through its high rating, high spending policies which have generated substantial amounts of cash to the housing problems.

But the issues are of major concern to all political parties, particularly the Conservatives as they hold power in Westminster. One reason is that unemployment and all the related economic factors have now become the leading political issue in Britain. But another is that as the drift out of the inner cities continues, pressure will grow from new businesses for permission to develop ever more of the out-of-town and rural land, a very significant and sensitive issue with traditional Tory voters.

And most importantly, the physical and economic degeneration of urban areas can lead to similar social collapse leading ultimately to crime, squalor and riots, the scars of which are much harder to heal than if early remedial action is taken.

Mr Michael Heseltine (left). As Environment Secretary he warned that inner city decline would spread and called for long-term solutions to be devised. Sir Hugh Rossi, MP (right), favours extension of the development corporation idea to other major urban areas where progress in dealing with dereliction has been slow. He also wants more flexible use of the two main grant mechanisms, urban development grant and derelict land grant.

A long uphill struggle

Derelict land

RHYS DAVID

FAST FOOTWORK just to stand still has been a necessity in dealing with the legacy of derelict land in Britain over the past 15 years.

The problem, which only began to be tackeld, with any degree of seriousness after the 1966 Aberfan disaster has had an increasing amount of money poured into it over recent years — Government funds allocated in England alone were up to £74m in 1984-85 compared with £12m in 1974-75.

The number of bodies involved has grown, too, with small locally-based initiatives such as the Government-backed Groundwork Trust and ecological groups, such as Landlife, joining grander projects mounted by the Department of Environment in England and the Scottish and Welsh Development Agencies.

Yet, although 42,000 acres of dereliction were cleared in England between 1974 and 1982, the net total still to be cleared has grown by 6,000 acres to 113,000 acres over the same period.

The main reason for this depressing apparent lack of progress is the changing nature of the problem. At the start of the 1970s the dereliction requiring treatment had been generated very largely by the extractive industries, and in particular coal.

Since then, with the dramatic restructuring that has taken place in British industry, it has been old textile and steel mills, chemical and engineering works, and car plants, as well as many smaller scale enterprises, which have been adding their contribution. The problem has been worsened, too, because many of these factories, unlike collieries have been in or near the centres of British towns and cities.

The dilemma, too, is that, unless these eyesores are cleared away, the chances of attracting new industry to older areas where people and services are already located, will remain blighted and the pressure on previously undeveloped land will become greater.

In a report prepared for it by environmental writer, Tony Aldous, the Federation of Civil Engineering Contractors (FCEC) highlighted what it sees as some of the problems. It criticises the sharp fluctuations in finance available to local authorities from year to year and the priority given by the DoE in the allocation of Derelict Land Grant to joint schemes involving private developers, an issue the department has now agreed to look at it. In many cases the potential developer is only interested in land when it has been reclaimed, so that a damaging stalemate can often be created.

The report also points to the need for a suitable scale of operation, claiming this is achieved by the two regional agencies, in Wales and Scotland, by the Greater London Council, the docklands development corporations, and the metropolitan authorities, but with difficulty by smaller local government units.

Following abolition of the met-counties next year, it advocates the creation of regional agencies on Welsh and Scottish lines to work with district councils on environmental repair. Such a move would go a long way to remove a major fear in the met-councils where it is thought the break-up of specialist teams could prevent big long haul schemes being undertaken.

Land registers

The FCEC also recommends that local authorities should be given the power and resources to forestall dereliction before the process has gone too far, and the provision of more finely–turned incentives to encourage boith public and private sector owners of derelict land and buildings to reclaim or sell property.

For its part the Government can point to the increasing sums of money available for derelict land clearance. It has, too, tried to ensure that on the supply side there is constant pressure on public bodies such as the nationalised industries to disgorge their surplus stocks.

Much of this land is not strictly speaking derelict but waiting for new uses: its mere existence often in the centre of towns and cities can help drag an area down, however, by creating an impression of wasteland.

Land registers compiling lists of all such land have now been dawn up by local authorities and are available for inspection by interested parties which might want to undertake development. The Environment Secretary has used his powers to direct the disposal of land on four occasions (with a further 50 orders in the pipeline) and a total of 8,000 hectares out of 46,000 hectares on the lists has now been removed.

"The basic test ought to be not whether marginal amounts of money can be saved but what degree of support is needed to make an otherwise unrewarding exercise profitable."

At the same time, the study does highlight some places where local authorities have managed to get things right and to secure substantial changes in the local environment. Stoke is praised for pioneering work before government grants were available to remove coal, steel and pottery generated dereliction, a process which will be given a further significant boost by the 1986 garden factual in the city.

Swansea, a candidate for a festival in 1989, has restored large parts of the valley running down into the city which was once the main non-ferrous metal producing area in the a large area of redundant dockworld, and has also established a thriving maritime quarter in land.

In a further initiative aimed at seeking out new more imaginative and effective ways of achieving its objectives in this field, the Government has also commissioned a report from one of the pioneers in the field of restoring acres of urban blight Prof Anthony Bradshaw of the University of Liverpool's botany department.

The DoE has in fact already shown its willingness to think along less convertional lines by increasing the level of support it is now making available to Operation Groundwork, a Countryside Commission initiative started in St Helens and Knowsley on Merseyside in 1980.

Groundwork uses volunteers organised locally under separate trust to undertake small scale environmental schemes such as removal of litter, conversion of disused railway lines and clearance of canals. The idea has been taken up by successive environment secretaries and is now being extended outside the north west to cities and towns in other regions.

The fact that so many new initiatives have emerged over recent years and that so many organisations have come to recognise that dereliction stands in the way of economic recovery is perhaps the most encouraging sign. A massive effort is clearly needed, however, if any real impact on the problem is to be made.

● Much of the time and money spent on conventional approaches to restoring derelict areas could be wasted unless the lessons of a considerable body of research now available are learnt, a group operating at the ecological edge of land reclamation is warning.

Low cost techniques

The Liverpool-based Landlife (formerly the Rural Preservation Association and one of the progenitors of Groundwork), has invented the horror term "green dereliction" to describe the conditions which are ill-considered "greenush" of environmental projects might produce.

Many of the schemes now being undertaken in Merseyside and elsewhere to landscape formerly derelict areas themselves require considerable maintenance, Landlife's director, Grant Luscombe claims. When money becomes tight and maintenance budgets are cut then these areas will be the first to be hit and could revert to unsightliness.

It believes instead in low-cost, low maintenance techniques involving the community, in some cases even generating small numbers of jobs, for what it calls "gap" sites. This will mean natural solutions such as the use of wildflowers. A wildflower nursery has been one of the organisation's projects in Liverpool. Developed on a six-acre formerly sewage works, it markets seeds to local authorities landscaped firms and gardeners.

Renewal and Revival, from Landlife, The Old Police Station, Lark Lane, Liverpool, L17 8UU. Tel: 728 7011.

Tackling Dereliction from Federation of Civil Engineering Constructors, Cowdray House, 6, Portgal Street, London, WC2A 2HH. Tel: 01-404 4020.

Green boost for local pride and employment

Garden Festivals

RICHARD EVANS

IF QUIZZED on the most popular tourist attraction in Britain last year, most people would probably plump for the Tower of London, Shakespeare's birthplace or possibly Windsor Castle. The improbable answer is 250 acres of what until three years ago was a silted-up dock and municipal rubbish tip beside the Mersey.

Nearly 3.4m people (3,378,369 to be precise) visited the Liverpool International Garden Festival between May and October, 1984, and its striking success has spawned an industry. The pattern has now been set for garden festivals to be held in Britain every two years.

The idea for a garden festival in Britain was conceived around 1980 by Michael Heseltine, then Environment Secretary. Greatly impressed by the West German practice of holding festivals to convert urban bomb sites into parkland, he invited cities affected by industrial squalor to put forward their own reclamation strategies. Munich had transformed its city centre with a garden festival, so why not some of Britain's most blighted urban areas?

The ultimate aim was to pump new life into the host city by creating new industry, new jobs and new homes as well as donating attractive parks and gardens in place of industrial decay.

The response was impressive, and from 16 initial applications Liverpool and Stoke-on-Trent were short-listed. The final choice of Liverpool in September 1981 was made by the Department of the Environment for several reasons—ministerial commitment to tackling Merseyside's ailing economy and poor environment, made more urgent by the Toxteth riots; the existence in the Merseyside Development Corporation of a businesslike agency capable of carrying through the necessary preparations in (by European standards) a remarkably short time-scale; and the way in which the transformation of the festival site would complement the corporation's already huge programme of reclamation and revitalisation in adjoining docks.

The Liverpool site could scarcely have been more derelict. There were decaying used oil tank farms, domestic refuse tips giving off methane gas, and Mersey silt which had to be reclaimed behind a new river wall. What emerged against a background of some scepticism and virtually no labour problems, was landscaped parkland with a riverside esplanade, man-made hills, lakes, streams and waterfalls, pergolas and terraces.

In the end, blessed with an excellent summer, the festival was an undoubted success.

Liverpool's success encouraged the Government to accelerate the programme for future festivals. Stoke was chosen for 1986 and the third, in Glasgow in 1988 will be a year earlier than originally planned. A Gateshead festival will follow in 1990 and one will be held in Wales (site undecided) in 1992.

But, inevitably, Liverpool as guinea pig made some mistakes which Stoke and later festivals intend to benefit from.

The festivals are essentially a triple partnership between the Government represented by the Department of the Environment, the local authorities and private industry. In the case of Liverpool sponsorship support from industry was not easy to attract. The concept of garden festivals was new—people thought of them as a glorified flower show —and the area was rundown and had a notorious reputation for industrial relations anarchy. In the end a respectable £1.5m was put up.

Landscaped parks

Development of the 180-acre site at Stoke is already well advanced. Its industrial history started in the 18th century when Josiah Wedgwood set up his Etruria pottery there; collieries came later and in 1841 the Shelton Ironworks. It closed its gates in 1979 leaving 3,000 redundant.

When reclamation began in 1982 there was a moonscape of solid and liquid wastes, tar lagoons, oil tanks, mine shafts, toxic and unstable materials and massive foundations of demolished buildings.

Two factors in favour of Stoke were the expertise of Stoke City Council and Staffordshire County Council in derelict land reclamation, and the geographical position which gave it a potential catchment area of 20m.

Latest cost estimates, based partly on Liverpool's experience, put the total at £24.5m, including £8.5m for basic reclamation of the site paid for by the Government's derelict land grant.

The British pavilion at the Liverpool garden festival reflected in the German garden's ornamental pond. Originally a German idea for stimulating redevelopment of war-damaged sites, British cities are now queueing up to hold similar festivals as a way of tackling their problems of dereliction

The organisers are looking for about £16m in order to break even and estimate they can do so with an attendance of 3.5m to 4m. The income will come from attendance money supplemented by charges for an internal railway and a cable car, sponsorship from industry (more than £3m is the target), ground rent from 150 stall holders and franchise income from catering, souvenirs and catalogue sales.

The local authorities have not yet decided what to do with the site when the festival ends, but it is likely that at least 40 acres will remain as a leisure park and 80 acres will be developed for housing and light industry.

Glasgow's plans, launched with a stylish presentation last month are intended to supplement a whole series of regeneration processes that have taken place in the city over the past decade and more. The festival will be aimed at setting the seal on Glasgow's transformation from a rundown city based on dying industries to a thriving commercial centre with a modern outlook.

The £35m festival sponsored by the Scottish Development Agency is expected to attract 4m to 5m visitors to the 120 acre site on land reclaimed from two disused docks on the south bank of the Clyde.

After the festival a marina, waterside walks and some parkland will remain. There is already an agreement between the city council and the Laing group for the development of part of the site for housing. In total, the project is expected to boost Glasgow's economy by a massive £100m.

The future of garden festivals seems assured after the success of Liverpool. They are a favoured tool of government and local authorities because their beneficial effects spread wider than the actual reclamation site. They act as a magnet for tourists to cities not usually regarded as attractive, they create jobs, and perhaps most of all they boost morale and self-confidence in an area where only desolation had been before.

Taking out the risks

UDGs

IAN HAMILTON FAZEY

WIGAN PIER has one, so has the Adelphi Hotel in Liverpool and the OK DIY car workshops in Brixton. Three years after the idea was imported from the U.S., they are among 162 Urban Development Grant (UDG) schemes in the UK involving £77m of public funds but, much more importantly, £325m from the private sector.

The grant scheme was one of the things to come out of the American inner city riots of the 1960s. It came to Britain via FIG, the financial institutions group set up after the 1981 Toxteth riots with 30 secondees lent to the Government by banks, insurance companies, and other City-based organisations.

The idea of UDGs is to remove the downside risk of investment in inner cities. In the past, developers were deterred by higher inner city costs and uncertain returns on capital. An UDG, however, can reduce the capital need sufficiently for likely yields to make financial sense.

This sort of gap-bridging was thought by Mr Michael Heseltine, who introduced the scheme while Environment Secretary, to be what the private sector needed by way of incentive to risk its capital in unattractive areas.

Mr Heseltine himself said in 1982 that it would take about three years for the evidence to show, and the figures would seem to bear this out, with the vast majority of projects still in the pipeline and 42 of them yet to start.

Exactly the same number—42—have been completed, involving £27m of private sector money and £8m in grants. The 78 that are on site account for £218m of private money and £47m in UDGs.

But the scheme has not succeeded in the way the Government hoped it would. The money that Mr Heseltine was after is that held by national financial institutions such as pension funds and insurance companies. Little of this has been forthcoming.

According to Mr Howard Mallinson, director of the urban renewal consultancy of Thomson McLintock Associates and a 1982 secondee to the Department of the Environment: "The target institutions are centred on London and Edinburgh and are averse to risk in places they don't know. The assumption that UDGs would persuade them to take risks has proved almost entirely wrong.

"The scheme has succeeded only because it has shifted towards the locally-based developer. In fact, the community has been better served by these people. No one has to sell them on the area and any profit stays local, contributing to a multiplier effect. The developer ends up with more resources to do even more," he says.

The UDG scheme is based on a "triangular" relationship between developer, local authority and the Government. The local authority has to make the application. The Government usually looks for a "leverage" factor of three—£3 of private sector money for every £1 of grant.

But there are criticisms of inflexibility. Mr Mallinson says, "The leverage you can get in Leeds will naturally be very much higher from what can be obtained in Handsworth." He says that more people are coming to the view that the criteria must vary much more with location if really disadvantaged districts are not to miss out altogether.

The other criticised aspect of the scheme is how the UDG can be spent. Often the biggest problem with an inner city scheme is getting fragmented land ownership into one pair of hands. This, together with preparing the site, is the sort of "extra" expenditure that can reduce yields to uneconomic levels as far as a developer is concerned.

But while UDG can be spent on clearing dereliction, "assembling" a land package is not treated favourably.

Meanwhile, the scheme has had some spectacular successes, of which one of the most impressive is the Adelphi Hotel in Liverpool. This was a seedy symbol of city centre decline when the Manchester-based Britannia Hotel group bought it from British Rail. An UDG of £1.37m in a total project cost of £6.54m has seen the hotel modernised while its decor has been restored to its Edwardian splendour.

At Wigan Pier, UDG has contributed £98,000 of a £299,000 project, enabling restoration of the canalside complex of 200-year-old warehouses and their conversion into offices, workshops, bars, restaurants, recreation and conference facilities.

It is examples like these that have made the UDG scheme successful, despite its missing its mark with the national institutions. It has turned out to be the right thing to have done—even though it was for the wrong reasons.

Lessons from Liverpool

City Action Teams

IAN HAMILTON FAZEY

THE GOVERNMENT'S interface with the inner cities has changed this year with the creation of City Action Teams (CATs) in five English conurbations. The teams are made up of the regional directors of the Departments of the Environment, Employment and Trade and Industry.

Their aims are to provide better co-ordination, more coherence and improved cost-effectiveness in the workings of the Government's Urban Programme. That they exist at all implies that all was not right with the arrangements that they now complement.

The lesson which led to the CATs was learned in Liverpool, where a Merseyside Task Force was established after the Toxteth riots of 1981. This was, and still is, led by the Department of the Environment, whose head in 1981 was Mr Michael Heseltine, the Cabinet Minister responsible for the Government's "Merseyside initiatives."

Before the Task Force was established, co-ordination of urban policy on Merseyside often appeared non-existent and was the subject of intense polical squabbling. The forum used to promulgate policy was the Liverpool Inner City Partnership, where local planning of urban programme expenditure took place.

Similar "partnership" machinery exists in other English inner cities. Partnership members include representatives of local authorities, government departments, the health authorities and, in some areas, the police and voluntary sectors. An Environment minister chairs each one.

Because of Merseyside's special difficulties, Liverpool's partnership was chaired by the Environment Secretary himself. There was always political tension present because, until 1983, Liverpool was controlled by the Liberals while the other local authority represented, Merseyside County Council, was in Labour hands.

Point-scoring and public rows hindered some projects, such as the Merseyside Innovation Centre, which nearly failed to materialise because of bitterness between the city and the county. The establishment of the Task Force, headed by one of Whitehall's youngest under-secretaries, Mr Eric Sorensen, overrode this.

Moreover, the Task Force assumed a co-ordinating role throughout the Merseyside Special Development Area, rather than just within the Liverpool boundary, which is as far as the partnership's writ ran. This was a running sore with Merseyside County Council, which saw its own role usurped. This antagonism is known to have been a factor in the council's eventual abolition.

On top of this, the Task Force had a succession of able managers from the local private sector seconded to it, many of whom have carried out valuable project work, particularly on how to develop and market tourism. The Department of Trade and Industry seconded staff to it and the link with the Department of Employment (and the Manpower Services Commission, which reported to it) soon became very solid.

To the Government, the arrangement's value was twofold. First, it broke down the traditional federal structure of Whitehall, making it difficult for things to fall between several stools, which they did in the past. The second virtue was political: it stopped local authorities playing government departments off against each other and enabled the squabbling factions in the partnership to be by-passed.

Mr Heseltine did not even try to disguise what was happening by keeping up a front of partnership meetings. He just stopped having them, much to the annoyance of Labour leaders of the county council.

Eventually, he was forced to acknowledge that the partnership was a statutory entity that had to meet — but it never had real power on Merseyside again, and especially after Labour's Left, which had radically different ideas to the Government's on urban spending, took control of Liverpool.

Significantly, the idea of the CATs emerged after Mr Sorensen had returned to London as head of the Environment Department's inner cities directorate. But they are not quite like the Merseyside Task Force.

For one thing, they operate only in the partnership areas of Birmingham, Liverpool, Manchester-Salford, Newcastle-Gateshead, Hackney, Islington and Lambeth, not across the whole conurbations. Liverpool has to have one for the sake of consistency, though the Task Force remains the main instrument of government input.

The Government says that its role is to improve its contribution to the partnerships, but since in Liverpool much effort has gone into by-passing the partnership, this looks a little thin there, though it is a fair claim in most of the other areas.

However, the CATs should also be viewed in the light of to whom they report, since this raises questions of consistency in management structures. The partnerships come under the Department of the Environment, but the CATs report to Lord Young.

When Lord Young was Minister Without Portfolio and attached to the Cabinet Office, this gave them a supra-departmental aura. But Lord Young is now Employment Secretary, so the CATs now report to the Department of Employment.

What this signals is a much greater orientation towards jobs and the use of urban programme resources to reduce the unemployment register in the inner cities before the next General Election.

But if all the political lessons the Government has learned on Merseyside are to be applied it may also signal something else: the Government is getting machinery in place in all the conurbations to put in resources directly, by-passing local authorities if this becomes politically necessary.

Despite the confrontations with Liverpool and Lambeth and the rearguard action of the Metropolitan Counties to resist abolition, conciliatory noises are being made by Mr Kenneth Baker, the new Environment Secretary, about joint programmes with local authorities. But if co-operation is not forthcoming genuine replicas of the Merseyside Task Force could be established easily.

The effectiveness of the Merseyside Development Corporation — which as its own planning authority can ignore the local authorities, employ better professionals and link more happily with the private sector — has also been noted. A wider remit than the Mersey dockland, and similar urban development corporations in other big cities, would not be out of step with government action so far.

Main Government schemes

MUCH MORE is going to be heard from Mr Kenneth Baker, the new Environment Secretary, and one of the new proven "communicators" brought into the Cabinet last month, about the large sums of money that the Government is spending and is prepared to spend on urban renewal.

With some of the more contentious local authority business now off the DoE's agenda, regenerating Britain's cities looks like being one of the main tasks to which Mr Baker will devote his efforts in the run-up to the elections, a task that has been given extra urgency by the recent serious disturbances in Handsworth and Brixton. His theme is likely to be that the funds are there if the applicants come forward.

The Government's main mechanism for dispersing funds to the inner cities — a total of £350m this year — is the **Urban Programme**, which feeds into and through a hierarchy of different administrative structures.

In seven areas, Birmingham, Hackney, Islington, Lambeth, Liverpool, Manchester/Salford and Newcastle/Gateshead, the Government has formed partnership committees with local authorities and these are responsible for drawing up an inner area programme on a three-year basis. The aim is to split funds roughly three ways on economic, environmental and social initiatives.

In a further 23 programme authorities which receive money there is consultation with Government but no formal partnership. An annual inner area programme is submitted to the DoE regional office and then to ministers.

Another 16 designated districts receive a smaller allocation of resources and a further small proportion is set aside for the traditional urban programme in other districts with substantial local pockets of need.

Urban Development Grant (England, Wales and Northern Ireland) has become one of the key funding elements within the urban programme. It aims to promote regeneration by stimulating private sector investment. Selected local authorities in 16 English counties, and all local authorities in Wales can apply and, where schemes are approved, will receive 75 per cent of the cost of grant, meeting the remainder themselves.

Derelict Land Grant. A total of £76m is available in the current year, a threefold increase since 1979 for reclamation. Grants of 100 per cent are paid to local authorities and 80 per cent to other bodies in assisted areas. Elsewhere, the rate is 50 per cent.

Urban Housing Renewal Unit. Launched in June this year, the unit will have as one of its main tasks the further encouragement of housing estate disposals to the private sector. UDG has already been used in a number of such schemes to fund refurbishment.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday October 8 1985

Mitsubishi to oversee joint U.S. venture

By Terry Dodsworth in New York

JAPANESE executives will be in charge of the day-to-day production at the joint small car plant being planned by Chrysler, the U.S. motor manufacturer, and Mitsubishi Motors of Japan.

The two companies announced yesterday that the $500m facility would be located in Bloomington, a central Illinois city not far from Springfield.

One of three joint projects launched by U.S. and Japanese car producers, the Chrysler-Mitsubishi plant is to make a small car at an initial production rate of around 180,000 units a year. Although Chrysler helped with the styling of the vehicle, described as a "speciality model," it was mainly engineered by Mitsubishi.

Mitsubishi executives will also be in charge of the design and construction of the facility, which will be one of five vehicle-producing plants already established or planned in the U.S. The investment is expected to create around 2,500 jobs and another 9,000 among suppliers.

The decision to give the Mitsubishi team a central role in the production management reflects the U.S. eagerness to learn from Japanese manufacturing techniques for small cars. Chrysler has its own independent small-car project, code-named Liberty, but it is generally accepted that in the past American companies had been less efficient small-car producers than the Japanese.

The main question mark hanging over the project, to be called Diamond-Star Motors, is the status of the United Auto Workers' union (UAW) in the plant. Mr Lee Iacocca, chairman of Chrysler, said yesterday that the decision on unionisation would be left to the new employees hired by Diamond-Star, although the UAW would have the first choice on representation.

This approach is different from the one adopted by General Motors, which accepted UAW representation before it went ahead with a joint project with Toyota in Fremont, California, and more recently for its Saturn small car plant in Tennessee.

However, Mr Iacocca made it clear that Chrysler and Mitsubishi would follow GM's policy in negotiating an entirely new agreement for the plant, implying that the two companies are seeking much more work flexibility than is typical in U.S. car factories.

Li Kashing in attempt to tighten reins

By Our Financial Staff

MR LI KASHING, the Hong Kong property financier, took steps over the weekend to tighten control over his extensive holdings when he announced an offer for minority shares in International City Holdings, a property development company.

An offer of HK$1.01 a share, valuing ICH at HK$3.53bn ($455m), has been made through Union Faith Company, jointly owned by Mr Li's 40 per cent-owned Hutchison Whampoa and by Hongkong Electric, of which Hutchison in turn owns some 24 per cent. HK Electric and Cheung Kong, Mr Li's master company, already own 65 per cent of ICH. A further 9 per cent is owned indirectly by Wheelock Marden.

Set up as a joint venture by HK Electric and Cheung Kong in 1980, ICH was floated off in May 1981. The shares, which will be suspended until tomorrow, traded at 88 cents on Friday. The offer is conditional on 90 per cent acceptance.

Disposal costs hit Lauritzen

By Hilary Barnes in Copenhagen

J. LAURITZEN, the Danish shipping and industrial group, warns that earnings in 1985 will be close to zero. In 1984 there was a group loss of DKr 249m ($26m).

An interim report said that first-half earnings were slightly lower than expected because of the costs of selling two heavy lifting ships, labour conflicts, and an unsatisfactory result for the Atlas-Danmark machinery subsidiary.

But the shipping companies are expected to produce a substantially improved result this year and the group's two main shipyards at Aalborg and Frederikshaven will make satisfactory profits, although the outlook for 1986 is clouded by the absence of any new orders so far.

Ferruzzi goes to EEC on cereals-to-ethanol plan

BY ALAN FRIEDMAN IN MILAN

FERRUZZI, Italy's third largest company after Fiat and Montedison, is considering plans to invest more than L1,000bn ($562m) to build a network of up to 12 enthanol processing plants in France and Italy. These could be Europe's first such plants for the chemical, which is blended with petrol as a substitute for lead.

Dr Raul Gardini, managing director of the Ravenna-based agribusiness group and a member of the controlling family, is to travel with leading French cereal producers and traders to Brussels for a meeting on November 5 with Mr Franz Andriessen, the European Farm Commissioner. At the meeting Dr Gardini, whose Ferruzzi group also controls 40 per cent of Beghin-Say, the French sugar and cocoa products group, is expected to lobby for an EEC policy which redirects export subsidies for cereals to incentives for the conversion of Europe's cereals surplus to ethanol. Under EEC plans lead-free petrol will be required by 1990.

Ferruzzi, which is Europe's largest sugar conglomerate and also holds 2.5m acres of land in Italy, South America and the U.S., is currently investing $73m to build an ethanol plant at Mertyl Grove, Louisiana. The plant, being built under contract by a subsidiary of France's Spie-Batignolles group, will be 55 per cent owned by Ferruzzi, 20 per cent by Beghin-Say, 15 per cent by U.S. investors and 10 per cent by Italy's Montedison group. It will be able to produce 40m gallons of ethanol annually. The chemical is in growing use in the U.S. petrol industry where federal and state tax incentives are available.

The Ferruzzi plan for Europe will be to build up to five plants in Italy and up to seven in France, each with a capacity of 160m litres this year. But much will hinge on the Community's willingness to use money spent at present on stabilising cereal export prices on the ethanol alternative.

A European Commission discussion document produced this summer – Prospects for the CAP – concluded that alternative expenditures on the cereal surplus could prove too costly. There remain, however, a number of senior Commission officials who see merit in the idea of turning cereal surpluses into ethanol and other products such as animal fodder, which result as a by-product of ethanol production.

Pantry Pride returns to fray with increased Revlon offer

BY PAUL TAYLOR IN NEW YORK

PANTRY PRIDE, the Florida-based supermarkets group, yesterday returned to the bid battle for Revlon, the U.S. cosmetics and health care group, with a new $56.25-share cash offer.

The latest offer, worth $1.78bn when stock options and convertible preferred stock are included, comes immediately after an agreed $56-a-share leveraged buyout bid by Forstmann Little, the Wall Street investment firm, under which Revlon would have been split into three parts.

Wall Street, reacting to the improved offer which continues a seven-week battle for Revlon dating from Pantry Pride's initial $47.50 hostile takeover bid, pushed Revlon's shares up $1⅜ to $55⅝ in early trading yesterday.

Pantry Pride said its new offer is conditional upon a number of factors. These include a Revlon withdrawal of its poison pill takeover defence. However the group, which also launched court actions aimed at blocking the anti-takeover defences, halting proposed "golden parachute" payments to Revlon's management and stopping a planned $25m fee payment to Forstmann Little, said the offer is no longer conditional on a minumum number of shares being offered, nor on financing.

The supermarkets group said it would finance the proposed acquisition using $750m in cash and marketable securities, $450m in bank borrowings, and from the sale of privately placed junk bond debt securities through Drexell Burnham Lambert. The group added that Drexell Burnham had indicated that it is "highly confident" it can place the new paper.

Mr Ronald Perelman, Pantry Pride's chairman and chief executive, said he hoped Revlon's board "would act responsibly and in the best interest of Revlon's shareholders with respect to Pantry Pride's offer."

At the same time Mr Perelman renewed his attack on Mr Michael Bergerac, Revlon's chairman and chief executive, saying, "In light of Mr Bergerac's repeated refusal to negotiate with Pantry Pride, the proposed leveraged buyout reinforces our belief that his actions are motivated more by self-interest than by the best interests of Revlon stockholders."

Under the earlier three-part Forstmann Little bid approved by the Revlon board, American Home Products, the U.S. health care group, would acquire Revlon's Norcliff Thayer subsidiary which makes Tums antacids and Oxy acne preparations, together with Revlon's Reheis Chemicals operations, for an undisclosed sum believed to be around $350m.

Separately, a management group led by Adler & Shaykin, another New York investment banking firm, will acquire Revlon's worldwide beauty products business, for about $900m. Finally, the Forstmann Little led-group, which includes Mr Bergerac would end up owning the rest of Revlon's health care business in a new private company.

Pantry Pride has indicated previously that it plans to sell off Revlon's health care businesses which last year accounted for two thirds of Revlon's $298.3m in pre-tax earnings, and just under 50 per cent of the group's $2.4bn in sales.

Arab investors buy stake in U.S. financial services group

BY RICHARD JOHNS IN LONDON

A CONSORTIUM of nine Arab investors has acquired for $12m a stake of between one-third and a half in Moseley, Hallgartern, Estabrook and Weeden Holding Corporation, a U.S. financial services group.

The consortium is led by Mr Hikmat Nashashibi and Mr Omar Kassem, respectively the former chief executive and deputy chief executive of Al-Mal, the successful London-based finance house established four years ago as an intermediary between Arab investors and prime borrowers.

The deal will provide a badly-needed injection of capital to the Wall Street firm whose primary subsidiary is Moseley, Hallgartern, Estabrook and Weeden.

In September it wrote off $11m in the final liquidation of its loss-making zero-coupon government securities business. In London yesterday Mr John Bulkley, president and chief executive of the company, described it as an exceptional loss.

As a result of the deal with the Arab consortium, the firm's "capital raising capabilities would be considerably more than they were three months ago," he said.

The transaction will increase the combined equity of the company to $25-$30m of common stock, according to Mr Bulkley.

Mr Nashashibi, a specialist in the management of funds for Arab "high net worth individuals," declined yesterday to reveal who the other investors were.

He described the acquisition as being about 25 per cent over net asset value and "one of the cheapest buys I know of on Wall Street."

The aim is that the two respected Arab investment bankers will build up Moseley's range of services on both sides of the Atlantic. The first phase of the development will be the establishment of a subsidiary in London, a financial services company incorporating a Eurosecurities operation and asset management activities.

Mr Nashashibi, a 42-year-old Jordanian citizen from Jerusalem, becomes a vice-chairman of the main holding company, a board member of Moseley, Hallgartern, Estabrook and Weeden and chairman of its policy strategy committee. Before founding the Al-Mal group in 1981 he was general manager of Kuwait International Investment Company.

Mr Kassem, a 32-year-old Egyptian, is being appointed a board member and executive vice-president of the holding company and head of international business for the main affiliate.

Enka boosts interim earnings to DM 3.6bn

BY JOHN DAVIES IN FRANKFURT

ENKA, the West-German-based man-made fibres group, has reported a further increase in sales revenue and is confidently building up its investment outlay.

Enka, part of the Akzo chemical concern of the Netherlands, lifted sales revenue in the first nine months of this year to DM 3.6bn ($1.38m), 7 per cent more than in the same period last year.

Herr Josef Hutter, who took over as chief executive in June, indicated that Enka was happy with its earnings trend but gave no details. Last year Enka more than doubled net profit to DM 201m, with sales revenue 16 per cent ahead at DM 4.6bn.

The group has embarked on a sharply increased investment programme, under which it will spend a total of more than DM 1bn in the three years to 1987.

Enka has carried out major restructuring in recent years, shedding jobs, rationalising its works and putting more emphasis on growth areas such as industrial fibres. As a result, it is a completely different business from 10 years ago and basically healthy, Herr Hutter said.

After years of job-cutting, the West German part of the group has begun building up its workforce again, he said.

Herr Hutter predicted that high performance industrial fibres would continue to supplant metals and find increasing use in industry, space research and cars.

He said that U.S. companies were at present competing more strongly for a share of the European market for fibres to be used in tyres as a result of the weak U.S. tyre market.

Datapoint sets up buyout review

DATAPOINT, the Texas computer company taken over earlier this year by Mr Asher Edelman, the New York arbitrageur, has announced the appointment of L. F. Rothschild, Unterberg, Towbin to make an independent review of the fairness of a management buyout proposal, writes Our Financial Staff.

Mr Edelman and his associates won effective control of the company last March after a long-running and at times bitter struggle. Their declared aim was to restructure the company's assets with a view to selling them and liquidating Datapoint.

As the final step in this process, Mr Edelman announced last month a leveraged buyout proposal, the effect of which would be to take the remainder of the company private, at $8 a share.

Pirelli first-half profit tops $36m

By Our Milan Correspondent

PIRELLI, the leading Italian tyre and cables group, made an aggregate net profit of more than $36m in the first six months of this year, against $32.3m in the first half of 1984. Net profit – from operating companies in 16 countries – could even have reached $37m for the six months to June 30, say Milan analysts. A formal announcement of first-half income is expected in the next few weeks.

Pirelli group turnover is believed to have risen by around 5 per cent in the six-month period, but when expressed in dollars is likely to show a drop to between $1.6bn and $1.7bn against $1.8bn for the first half of the 1984 calendar year. This is a result of the appreciation of the dollar against the lira and other currencies in the relevant period.

Because of the complex structure of the Pirelli group – with operating companies owned 46 per cent by Pirelli Spa in Italy, 45 per cent by Société Internationale Pirelli SA in Basle and 8 per cent by Pirelli Société Générale SA., also in Switzerland – results are aggregated rather than consolidated. The net profit is, however, provided after accounting for inflation.

Last year, the Pirelli aggregate group net profit was doubled to $72.2m on sales of L6,800bn ($3.8bn).

At present, the group's tyre companies – which last year represented 45 per cent of turnover – are all in profit, while cable activities are understood to be in profit except for Spain and the U.S. The diversified products business – which accounts for around 12 per cent of Pirelli group turnover – is thought to be headed for break-even, but was still in loss in the first-half.

Pirelli is at present nearing the completion of an agreement to acquire from Bayer of West Germany its Metzeler Kautschuk tyre and rubber products subsidiary.

Glut of D-Mark bonds threatens coupon levels

BY MAGGIE URRY IN LONDON

THREE new fixed-rate issues were launched into the Euro-D-Mark bond market yesterday and dealers are concerned that the oversupply of paper will force coupons higher. The three deals totalled DM 625m.

The largest – a DM 300m issue for Dow Chemical – was the last to be launched with Deutsche Bank as lead manager. The 10-year bonds have a 6¾ per cent coupon and par issue price. It came too late to trade actively though it was quoted within the 1½ per cent selling concession.

The Dow issue was something of a damper for the Province of Manitoba's DM 200m deal launched earlier. This too has a 10-year life but pays a 6¾ per cent coupon and issue price is 99½. Westdeutsche Landesbank is the lead manager. The bonds were trading around the 1½ per cent selling concession.

Jydsk Telefon, the Danish telephone company which is 50.1 per cent state-owned, launched a DM 125m 10-year issue led by Dresdner Bank. Like Dow's the coupon is 6¾ per cent with a par issue price. This proved the least popular of the three deals, trading just within the 2½ per cent total fees.

The secondary market for D-Mark Eurobonds was weaker by up to ½ point with traders reporting little demand for bonds.

The Eurodollar bond market was once again quiet as currency movements continue to keep investors away from the market. Prices slipped back by as much as ½ point with the New York bond market opening weaker. No new deals were launched.

The fixed-rate Euroyen bond market which had been without a new issue for weeks, now has two deals both tightly priced, say syndicate managers. Following Caisse Nationale des Télécommunications issue last week, Denmark yesterday launched a Y15bn deal on similar terms. The seven-year bonds have a 6¼ per cent coupon and 100% issue price.

Fuji International Finance won the mandate to manage the deal, the first Japanese city bank to lead a Euroyen issue. It was holding the trading level inside the 1⅝ per cent fees yesterday, at 99 bid.

The European currency unit market had its first real zero coupon issue, for Philip Morris Credit Corporation. The redemption amount is Ecu 120m which will be payable on February 22 1993. Lead manager Banque Paribas set the issue price at 55.70 where the yield to maturity is 8.33 per cent. The proceeds, of just under Ecu 67m, are being swapped into dollars.

The bonds were offered yesterday at a ¾ point discount, equal to the selling concession.

Late in the day Banca Commerciale Italiana launched an Ecu 80m issue for the European Coal and Steel Community. This is mainly targeted at Italian investors, though six non-Italian banks are included in the deal. Terms were set at a 8⅝ per cent coupon and 99½ issue price with the bonds maturing in 1995. A sinking fund in the last four years gives an average life of 8½ years. Fees were set at 1⅞ per cent, not the usual 2 per cent.

The Swiss franc foreign bond market continues to firm slightly, though volume is still modest. The Goodyear issue, a 15-year 5⅝ per cent bond, closed its first day's trading at 99½ compared to the 100¼ issue price.

UBS indicated a yield of 5⅝ per cent for a 12-year issue for Asfinac, the Austrian road financing entity. This has a maximum size of SwFr 150m.

The Euro-French franc market is also in good shape and a FFr 250m five-year issue for Electrolux, the Swedish company, met a good reception. Banque Nationale de Paris set the coupon at 11⅛ per cent and issue price at par. The bonds were trading within the 1¼ per cent selling concession.

● Only a week after joining Thomson McKinnon Securities as managing director, Herr Willy Breitschmid has hired two former colleagues from his Ross and Partners days. They are Herr Klaus Gerlach and Ms Heather Jackson who two months ago left Drexel Burnham Lambert (which took over Ross) to join Chemical Bank.

Tandem expects best-ever quarter

BY OUR FINANCIAL STAFF

TANDEM Computers, the California maker of fault-tolerant computers, indicated yesterday that results for the final quarter which ended last month were expected to emerge ahead of those for any previous three months.

Mr James Treybig, its chief executive, said from Tandem's Cupertino headquarters that the company was "gratified with both the level of revenue and the number of new software houses joining our alliance programme this quarter."

Tandem, which specialises in computer systems which can remain in use during a partial component failure, has made London financial institutions a particular sales target.

Mr Treybig warned, however, that "given the present conditions in the computer industry, we remain cautious about the near-term outlook."

Net earnings in the quarter to September 1984 reached $21.63m, or 53 cents a share, on sales of $153.09m.

Adsteam in BHP deal with Bell

By Gordon Cramb

MR ROBERT Holmes à Court, the Perth businessman, yesterday acknowledged Mr John Spalvins' acquisitive Adelaide Steamship group as a collaborator in his renewed efforts to secure a strategic stake in Broken Hill Proprietary (BHP).

The disclosure came in a lengthy statement to the Melbourne Stock Exchange by Mr Holmes à Court's Bell Group and Bell Resources, its energy affiliate. In it he confirmed an interest in 113.65m BHP shares, or 10.95 per cent of its equity.

Much of this exists in option form, arising primarily from a deal which Bell said yesterday had been reached with Adsteam as far back as April 27. Mr Spalvins' company "may be deemed to be an associate of Bell Group" for the purpose, the statement added.

The put options from Adsteam are understood to allow for the stripping out, in Adsteam's favour, of the BHP final dividend for its year to last May.

BHP shares rose 10 cents to a peak of A$8.58 as rumours persisted of a planned partial bid by Bell.

Japan's big steelmakers move into silicon wafers

BY YOKO SHIBATA IN TOKYO

JAPAN'S four major makers of silicon wafers are due soon to face competition from the country's leading steelmakers, which are making hasty thrusts into the sector. This comes as part of a drive to diversify in the face of slower growth in their mainstay steel business.

The four advanced wafer makers — Shinetsu Handotai, Osaka Titanium, Nippon Sicion, and Komatsu Kinzoku — appeared to have assumed that new entrants such as the steelmakers could not immediately achieve the sophisticated manufacturing technology whereby the wafer makers are competing to reduce the current 1.5 micron design geometrics to the submicron level. This would be used for the next generation of large-scale integrated circuits.

However, the steelmakers have in rapid succession been arranging technical and other tie-ups with makers abroad.

Kawasaki Steel has so far been the most active in laying the groundwork for a future electronics business. In August it bought NBK, an established manufacturer of wafers in the U.S. The acquisition will provide instant access to the U.S. market in addition to manufacturing expertise.

Kawasaki stole a further march last month by launching a joint fabrication venture for custom chips with LSI Logic of the U.S. The venture, called Nihon Semiconductor Inc (NSI), is capitalised at $45m, with a 5 per cent stake retained by LSI Logic and the rest owned by Kawasaki.

With a total investment of about $200m over the next five years, NSI intends to manufacture and market gate arrays and standard cells. Operations are due to start next spring.

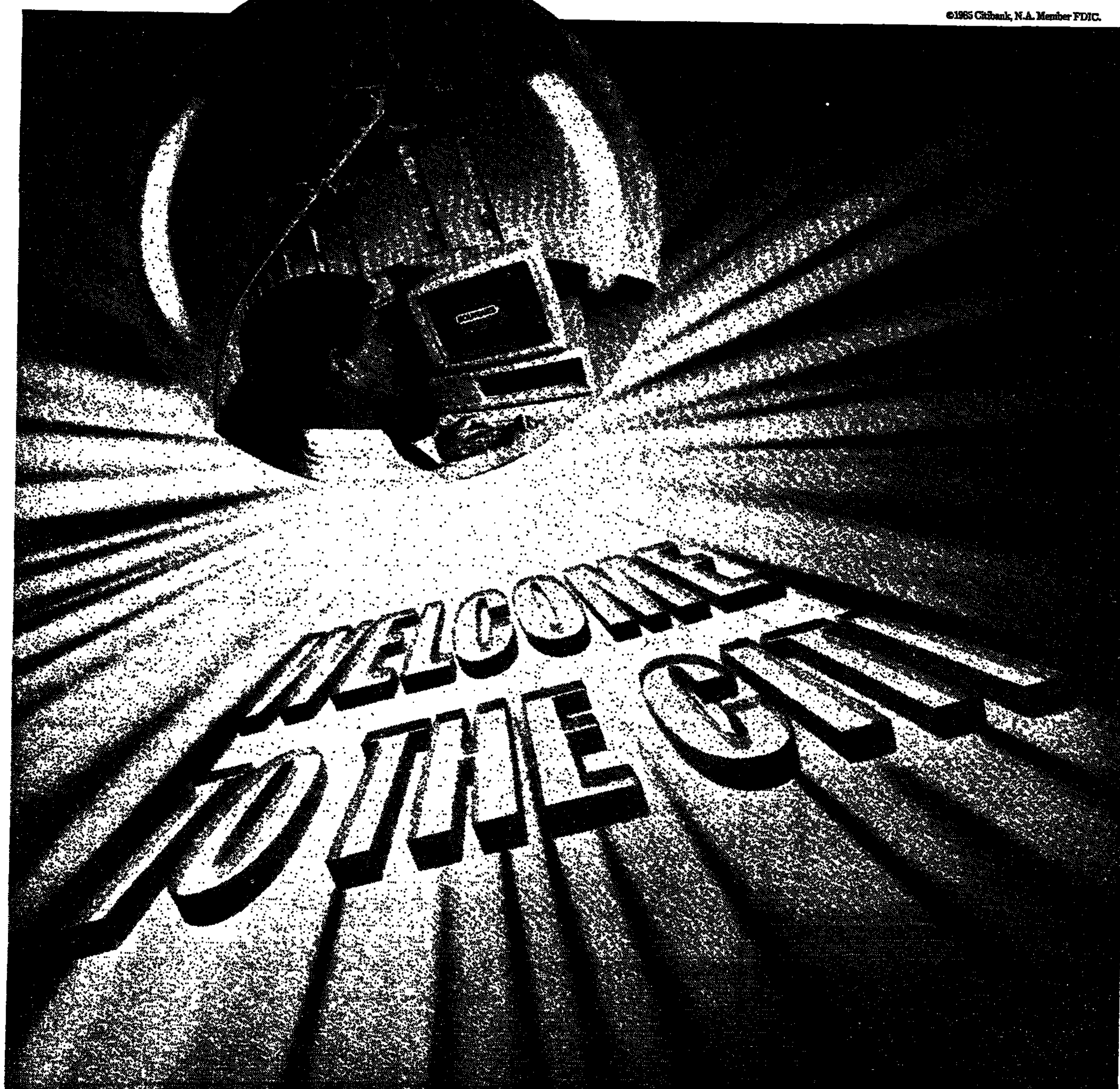
Kawasaki's non-steel business, centring on electronics, is expected by the company to contribute 40 per cent of projected revenues by the end of this century.

Nippon Kokan has also launched a silicon wafer venture folowing its agreement with General Electric of the U.S. to purchase GE's Great Western silicon plant, with an annual production capacity of 200 tonnes of polycrystalline silicon.

Nippon Steel, the world's largest steelmaker, plans to start manufacturing silicon wafers from April 1987 — through its newly established specialised electronics company, Nittetsu Denshi, set up in August—and has sought a technical agreement with Hitachi.

Nittestsu Denshi is to begin by producing five-inch or six-inch silicon crystal wafers, moving later to the more sophisticated eight-inch format. The unit is seen as a core of the future business for Nippon Steel, and will receive strong financial and personnel support from the parent.

Sumitomo Metal Industries and Kobe Steel have their exposure to the sector through Osaka Titanium, which has enjoyed good business in silicon wafers for some time. Sumitomo Metal is preparing to produce manufacturing equipment for super-chips from this autumn.



Aitken Spence defies the trend in Sri Lanka

BY ALAIN CASS AND MERVYN DE SILVA IN COLOMBO

WITH THE CHANCES of resolving Sri Lanka's ethnic conflict becoming increasingly slim, the island's economic future is uncertain and the business climate depressing. Businessmen look sombre as profits slide, especially in the country's potentially rich foreign exchange earner — the tourist and hotel industry.

One conspicuous exception is Aitken Spence, a 115-year-old, one-time colonial company founded by two enterprising Scotsmen in the small town of Galle, a port 70 miles south of Colombo, to exploit Sri Lanka's attributes as a plantation economy and shipping centre.

Careful expansion before the bloody 1983 riots which sparked the current crisis and careful husbanding since have helped the company to defy the national trend.

Although small by international standards — turnover in the year to March was Rs 520.3m ($18.9m) — it represents a prime example of how a company can flourish through the twists and turns of a developing country's changing political and economic fortunes.

Despite a significant worsening of Sri Lanka's business climate pre-tax profits have soared, all but doubling from Rs 14.55m to Rs 28.03m for the latest year.

Remarkably, nearly 40 per cent of this increase came in the company's hotel and tourist division, against the national picture which shows a drop of at least 30 per cent in tourist arrivals for two years running.

Communal troubles

Much of the credit for the company's success goes to Mr Charita de Silva, the company's chairman. Like a number of other decisions, Aitken Spence's moves in tourism were dictated by what he calls "strategic considerations." While many four- and five-star hotels in Colombo and on the east coast are deserted and virtually bankrupt, the company's carefully located hotels south of the capital flourish.

"Our resorts are in the south—well away from the trouble spots—and close to Colombo where we can keep an eye on them," says Mr de Silva. "We planned it that way although, of course, we did not anticipate the communal troubles at the time. It was luck just as much as judgment."

This combination of luck and judgment has graced the company's moves since the last British directors and major shareholders departed in 1968, unable to withstand the rigours of taxation and socialist policies under the government of Mrs Sirimavo Banderenaike.

By the time Mr de Silva became chairman in 1972, the company's main activities—tea plantations, shipping and insurance—were ripe for expansion and diversification.

Its chance came in 1977 when the pro-business government of President Junius Jayewardene removed import and exchange controls and liberalised the economy, offering many incentives to the private sector.

The names of some of the new subsidiaries of Aitken Spence suggest the scope of the expansion programme. They include Aitken Spence Garments, Aitken Spence Containers, Ace Air Cargo, Ahungalla Hotels, Rubsteel (which makes plywood tea chests by a Swiss process) and National Insurance Corporation (NIC).

The expansion at Aitken Spence was swift: Fixed assets have risen five fold since 1977 to Rs 220m.

Avoiding compromise

As part of its deliberate strategy Aitken Spence decided to avoid the import trade. "Although there was much money to be made from this as a result of the new, liberal policies, we knew it would be vulnerable to changes in government priorities." The current squeeze on imports by a government faced with a chronic trade deficit has consequently not affected the company.

It also decided to avoid the temptation to get involved in large government tenders. For one, says Mr de Silva, "it necessitates the kind of compromise that we were not prepared to make" — by which he means bribery—"for another it was an area equally vulnerable to policy changes as witnessed by the present cutback in government spending."

Mr de Silva believes that "business need not be warfare and businessmen need not be brigands." But both he and his company display a vigorous style, exemplified in a "rapid response" approach to the current crisis.

A sudden eruption of violence in the Eastern Province, a recently-developed beach resort area, prompted a last-minute cancellation from a group of Finnish tourists who had seen some particularly scary pictures on their television screens. Aitken Spence convened a meeting with a senior security official, a representative from the Foreign Ministry and a diplomat from the Finnish legation. At the end of the day, the diplomat was able to assure the tour company that its holidaymakers would be in no danger despite an increasing level of violence in the area.

INTL COS & FINANCE

French move to boost stock market liquidity

BY DAVID MARSH IN PARIS

FRENCH banks and stockbrokers are to be allowed to carry out jobbing functions on the French securities market under an agreement reached to boost liquidity in Paris stocks and bond trading. The accord, announced at the end of last week, will lead to the setting up of joint jobbing companies owned by both stockbrokers and banks.

The aim is to allow a much greater degree of position-taking in securities dealing than has until now been permitted in Paris. Jobbing companies will be able to play a role as market-makers in certain areas to assure continuous trading in the most widely dealt stocks and bonds.

The measures, which have been under discussion for some months, add up to a further move to revive the importance of the Paris financial markets. The French stockbroking community is uneasily aware of the danger that significant volumes of business could move to other financial centres, above all to the City of London, unless Paris becomes more competitive.

The agreement will also drive a further wedge into the privileged monopoly position of French stockbrokers. The French Government has no intention for the moment of removing brokers' unique right to trade on the Paris bourse, which dates from 1807. But banks and stockbrokers will eventually be competing on equal terms when a planned futures market in fixed-interest securities and short-term instruments gets under way in the next few months.

The Finance Ministry, which is pushing reform measures to try to bolster the competitive position of Paris, this summer also moved to lower commissions charged by brokers on bond dealing with banks.

M Daniel Lebegue, the director of the French Treasury, underlined the threat to Paris by the pace of deregulation in foreign centres in a speech last month in which he said the French financial market "faced a problem of survival."

The new jobbing rules represent a long-overdue reform. Stockbrokers, banks and other financial institutions have up to now been allowed to take positions for their own account only to a limited extent. Positions have been permitted only outside bourse trading hours (at present from 12.30pm to 2.30pm) when the trader is acting on the clear instructions of clients. Positions opened in this way have had to be closed out very quickly afterwards on the bourse.

Now, position-taking activity is to be allowed across all sectors of the equity and bond markets, both within and outside trading hours. Positions can be held for a maximum of 60 days. The new jobbing companies to be set up will complement the existing banking and stockbroking institutions already entitled to take out positions.

It is not yet clear how many stockbrokers and banks will want to join forces in setting up new companies. M Xavier Dupont, head of the French stockbrokers association, who announced the new rules, said the size of the capital of the companies would help determine the maximum positions they could take on the market. Details have, however, not yet been worked out.

M David Dautresme, chairman of Crédit du Nord and the head of the finance commission of the French banks association, said the reform would counter the danger of business escaping from Paris.

Paris still has a long way to go, however, before it can match up to more sophisticated trading standards sought by international investors. Continuous trading in key stocks – still on an experimental basis – will not start until next year. Bankers warn that the Paris bourse has to invest much more in computerised technology to improve trading conditions. Significantly, the key reason for a delay to the start-up of financial futures trading – originally planned to start last month – has been problems in setting up an appropriate computerised information system.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 7.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101½	102	−0¼	−0½	10.34
Amex Credit 12⅝ 88	150	106	106½	−0¼	+0¼	10.12
Atlant Richfld 10¼ 00	250	93½	94	−0⅛	0	11.12
Australia Com 11¼ 00	100	102½	103	−0¼	−0⅛	10.85
Australia Com 11 95	200	101½	102	−0⅜	−0¼	10.68
BP Capital 11⅛ 92	150	101¾	102¼	−0¼	−0¼	10.65
Canada 11½ 90	500	104¾	105¼	−0⅜	−0⅛	10.02
Canadian Pac 10⅞ 95	100	101¾	102¼	−0¼	0	10.34
Canadian Pac 12½ 99	75	107⅞	108⅜	−0⅛	+0¼	11.32
Chevron U.S.A. 12¼ 89	600	104⅛	104⅝	−0¼	−0¼	10.85
Citicorp 10 88	200	99⅞	100⅜	−0¼	+0½	9.93
Citicorp 11½ 95	150	101⅝	102⅛	0	0	11.15
Coca Cola 11¾ 91	100	105⅞	106⅜	−0¼	−0¼	10.33
Denmark Kingdom 11¼ 89	100	102⅜	102⅞	−0⅛	−0½	10.23
Denmark Kingdom 11½ 90	100	103⅛	103⅝	−0¼	−0¼	10.50
Denmark Kingdom 11½ 92	100	102¼	102¾	−0¾	−0¾	10.91
E.D.F. 10 95	225	94½	95	−0½	−0⅛	10.88
E.E.C. 9⅝ 98	350	97⅜	97⅞	−0¼	−0⅛	10.25
E.E.C. 11⅛ 90	100	102¾	103¼	−0⅜	−0⅛	10.29
E.I.B. 12 95	200	106¼	106¾	−0¼	+0⅛	10.85
Export Dev Corp 10 90	100	99¼	99¾	−0¼	−0¼	10.11
Export Dev Corp 12 89	100	106	106½	−0¼	−0⅛	10.04
Fed Dep Stores 10⅛ 95	100	96⅛	96⅝	−0¼	−0⅛	10.73
Ford Motor Cred 11⅝ 90	100	102⅛	102⅝	−0⅛	−0⅛	10.53
Ford Motor Cred 11⅛ 95	100	102	102½	+0¼	0	11.20
Ford Motor Cred 11¾ 92	100	102½	103	−0⅛	+0⅛	11.10
Ford Motor Cred 12 95	100	104	104½	−0⅜	−0⅜	11.22
Gen Elec Credit 10¼ 00	200	100½	101	−0¼	−0¼	10.13
GMAC 10¼ 88	200	100⅜	100⅞	−0⅛	−0½	10.00
IBM Credit 10⅜ 2000	300	101½	102	−0⅜	−0¼	10.12
Kellogg Company 10⅞ 90	100	102½	103	−0⅛	+0¼	10.02
Kellogg Company 11¼ 92	100	103¼	103¾	−0½	−0⅜	10.44
L.T.C.B. 12⅞ 91	100	109⅛	109⅝	−0¼	+0¼	10.69
Macy Cred Corp 11¾ 95	100	103⅞	103⅝	−0⅝	−0¾	11.13
Merrill Lynch 12¾ 89	100	105⅛	105⅝	−0¼	0	11.01
Minnesota 11½ 87	100	103⅜	103⅞	+0⅛	+0⅛	9.44
Mitsui Trust 11⅝ 90	100	101⅞	102⅜	−0⅝	−0½	10.99
Morgan Guaranty 12⅝ 89	150	106¼	106¾	−0¼	+0⅛	10.31
Pru Realty secs 12¼ 95	546	105¾	106¼	−0⅞	−0¾	11.04
Qantas Airways 10⅛ 95	140	97⅞	98⅜	−0⅝	−0⅜	10.65
Quebec Hydro 11½ 92	100	104¼	104¾	−0⅜	−0¼	10.58
Queensland Govt 10¼ 95	100	95½	96	−0⅝	−0⅞	10.97
Ralston Purina 11¾ 95	150	103⅞	104⅜	−0⅜	−0⅝	11.01
Ralston Purina 12¼ 89	100	106⅞	107⅜	−0¼	−0⅛	10.48
Saskatchewan 10¼ 92	100	100⅞	101⅜	−0⅜	−0⅝	10.47
Saskatchewan 11⅞ 89	100	104⅜	104⅞	−1½	−0¾	10.42
Statoil 10 90	170	98⅞	99⅜	−0⅜	+0⅛	10.22
S Wales Tray 11¾ 90	150	104⅛	104⅝	−0½	−0⅛	10.48
Swed Exp Cred 10 92	100	96⅞	97⅜	−0⅜	0	10.60
Swed Exp Cred 12¾ 89XW	100	106½	107	−0¼	−0¼	10.55
Sweden Kingdom 10⅝ 90	200	101⅝	102⅛	−0½	−0¼	10.31
Sweden Kingdom 11½ 89	200	103¾	104¼	−0⅜	0	10.25
Sweden Kingdom 11¾ 94	100	104⅞	105⅜	−0¼	−0½	10.83
Tenneco Corp 10¾ 95	150	99⅜	99⅞	−0⅛	−0⅛	10.79
Texaco Capital 10 95	300	93⅛	93⅝	−0½	−0⅞	11.13
Texaco Capital 11⅛ 95	250	100	100½	−0⅜	−0¼	11.06
Tokai Asia 11½ 95	100	102½	103	0	+0½	11.00
United Tech Fin 10⅜ 95	100	98½	99	−0¼	−0⅛	10.63
Victorian Rep 11⅝ 92	150	103¼	103¾	−0⅛	−0⅜	10.82
World Bank 10⅛ 95	300	97	97½	−0½	−0½	10.58
World Bank 12⅞ 94	200	110⅞	111⅜	−0½	−0¼	10.86

Average price change On day −0⅜ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	106⅝	107⅛	+0⅛	0	6.94
Austria, Republic 7⅝ 94	200	105	105½	0	−0¼	6.76
Baxter Travenol 7¼ 94	200	103⅛	103⅝	−0⅛	−0⅝	6.70
Copenhagen 7⅝ 95	150	101¾	102¼	0	+0⅛	7.07
Credit National 8¼ 94	200	107⅜	107⅞	+0⅛	−0⅛	6.88
E.I.B. 7¼ 94	300	102⅞	103⅜	−0⅛	−0½	6.78
Escom 8 92	150	96	96½	+0¼	+0½	8.77
Ex-Im Bk Korea 7⅝ 90	100	100	100½	0	+0¼	7.55
Ferrovie Dello Stato 8 91	100	104⅞	105⅜	−0⅜	−0⅛	6.83
Finland Republic 7 92	200	101⅝	102⅛	−0⅜	−0⅝	6.62
Gould Int Fin 7⅝ 91	100	104⅜	104⅞	+0⅛	0	6.68
Ireland 8⅛ 92	150	104⅞	105⅜	0	0	7.11
Japan Fin Corp 7⅝ 91	100	106½	107	0	+0¼	6.18
Mitsubishi Hvy 3½ 89WW	300	182	182½	−0½	−5¾	−13.42
Mitsubishi Hvy 3½ 89XW	300	92⅛	92⅝	−0⅝	−0½	5.98
Mitsubishi Met 3⅛ 89WW	100	105¼	105¾	0	−0½	1.75
Mitsubishi Met 3⅛ 89XW	100	90	90½	−0⅛	−0¼	5.80
Quebec Hydro 7⅝ 95	200	102¾	103¼	−0¼	−0½	6.89
Renfe 7¾ 95	100	103¼	103¾	−0¼	−0⅛	7.22
Soc Cent Nuclear 7¼ 95	150	101⅞	102⅜	+0⅜	+0⅛	6.94
Societe Cent Nuclear 8 91	100	106¾	107¼	−0⅛	0	6.49
Sth African Tran 7⅝ 92	100	94	94½	+0¼	+0⅜	8.74
World Bank 7 95	600	101⅞	102⅜	−0⅛	−0⅛	6.69
World Bank 7¾ 89	100	103⅜	103⅞	0	0	6.49

Average price change On day −0⅛ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101½	101¾	0	0	6.01
Avon Cap Corp 5⅝ 94	130	†100¼	100½	0	+0¾	5.52
Brit Land Comp 6½ 99	75	†105	105¼	+0½	+0⅜	5.95
Council of Europe 6 92	120	†103	103¼	+0⅞	0	5.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.31
Deutsche Bk Fin 5⅝ 95	100	†103½	103¾	+0½	+2¼	4.88
E.I.B. 5⅞ 94	120	†100¾	102	−0⅞	−1	5.68
Gen Occidentale 4⅞ 94	80	†100	103¼	0	+0¾	4.88
Glendale Fed S&L 5½ 95	100	†98	99¼	0	+0¼	5.75
I C Industries 5⅝ 98	125	†102½	102¾	+0¼	+0¾	5.25
Ind Fund Fin 5¾ 94	40	†102	102½	+0⅛	+1⅛	5.43
Int-Am Dev Bk 6⅛ 94	120	†101¾	102	−1¼	−1¼	5.85
N.Zealand steel 5⅝ 95	70	†99½	99¾	+0¼	+0¼	5.79
Oberos Ktrwk 5⅞ 95	100	†100	100¼	0	+0¼	5.95
Ralston Purina 5⅝ 94	125	†102	102¼	0	+0¼	5.08
Santos Finance Ltd 6 94	130	†100¼	100½	0	0	5.94
Tokyo Elec Pwr 5½ 93	120	†100¾	101	+0½	0	5.35
Tokyo-Metropolis 5¼ 94	80	†100	100¼	−0¼	0	5.23
World Bk 5⅝ 94	150	†101½	101¾	−0¼	−0¼	5.52

Average price change On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100⅝	101⅛	−0½	−0⅝	6.51
Gdyr Tr & Rubber 7⅝ 95	25	100⅜	100⅞	−0⅜	−0⅝	7.02
Mort Bk Denmark 7 92	10	100⅝	101⅛	−0⅜	−0⅜	6.82
New Brunswick 7⅛ 95	10	102⅛	102⅝	−0⅜	−0⅞	6.78
Swed Exp Cred Zero 90	14	72⅜	72⅞	−0⅛	0	6.64

Average price change On day −0⅜ on week −0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 $A	50	99⅛	100⅛	−0⅞	+0⅛	13.07
GMAC 12⅞ 88 A$	35	97⅛	98⅛	−0⅛	−0¾	13.89
Kellogg Co. 12¾ 88 A$	30	97	98	−0⅛	−0⅛	13.82
Midland Int'l 13⅝ 90A$	50	99	100	−0⅞	−0¼	13.49
Amex 10¾ 90 C$	50	99⅜	99⅞	−0¼	+0⅛	10.82
CIBC 10¾ 90 C$	75	†98¼	98¾	−0¼	−0⅛	11.16
Genstar Fin 11⅜ 95 C$	75	98⅞	99⅜	−0¼	−0⅜	11.88
Hamil-Went'th 10¾ 95C$	25	†95½	96	−0¼	−0½	11.49
Loblaw Cos 11⅞ 92 C$	50	†99⅞	100⅜	−0¼	0	11.57
Sears Acc. Co 10⅝ 92C$	75	†95½	96	−0⅜	−0¼	11.54
Winnipeg City 10⅝ 90C$	50	99½	100	−0¼	0	10.67
Chrysler Fin Corp 17 90NS	65	†93	94	−2	0	19.11
K.O.P. 16¼ 91 NS	50	†91	92	+1½	+0¾	18.77
Privatbanken 16⅝ 88 NS	50	†97	98	0	+1	17.48
B.N.P. 8⅞ 95 ECU	75	98⅞	99⅜	−0¼	−0⅛	8.01
IBM Wld Trade 8¼ 90ECU	150	99¼	99¾	−0¼	0	8.37
Sec Pac Aust 8¾ 90 ECU	100	98¼	98¾	−0¼	−0⅛	9.13
Honda Motor WW 3⅞ 90FL	100	101	101½	−0¼	−0⅜	3.58
Honda Motor XW 3⅞ 90FL	100	88⅝	89⅛	+0⅛	−4¾	6.65
Thyssen 7¼ 90 FL	50	101½	102	−0⅛	−0¼	6.81
Wereldhave 7½ 90 FL	75	101¾	102¼	+0⅛	0	6.99
Wessanen 6¾ 90 FL	50	98½	99	−0⅛	−0½	7.06
S.N.C.F. 11 2000 FF	500	†98⅞	99⅜	−	−	11.11
Australia Comm 11 92 £	40	100⅛	100⅝	−0⅛	−0⅛	10.88
BP Capital 10¾ 92 £	50	100⅛	100⅝	0	+0½	10.67
E.I.B. 11⅛ 93 £	50	100¼	100¾	−0⅛	−0⅜	10.99
GMAC UK Fin 10½ 90 £	30	99⅝	99⅛	−0⅛	0	10.79
Imp Chem Inds 11¼ 95 £	75	100⅝	101⅛	+0⅛	+0⅜	11.07
Imp Chem Inds 10¾ 92 £	75	98¼	98¾	+0⅛	+0⅝	11.06
Mcdonalds 10⅞ 90 £	40	100½	101	+0¼	+0⅛	10.62
Mitsubishi Fin HK 11 90 £	50	99⅝	100⅛	+0⅛	−0¼	11.00
Privatbanken 11⅞ 92 £	20	101½	102	0	+1	11.44
Rank Xerox 11 92 £	40	99¾	100¼	+0¼	0	10.97
Royal Ind 10¾ 92 £	60	97⅛	97⅝	−0⅛	+0⅛	11.31
Ster Drug Cap 10⅞ 90 £	30	99⅞	100⅜	+0⅛	+0¼	10.80
Tricentrol XW 11 92 £	35	96⅝	97⅛	+0⅜	+1½	11.76
Tsthouse Forte 11⅛ 90£	50	99¾	100¼	+0⅛	+0⅛	11.08
World Bank 11¼ 95 £	100	101⅝	102⅛	0	−0⅛	10.90
E.C.S.C. 10½ 94LF	100	103¾	104¼	−0½	−0⅛	9.79
Nat Lux Alum 10½ 92 LF	600	103¾	104¼	−0⅜	−0⅜	9.68

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†99⅝	99⅞	28/10	8.1	8.12
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅛	30/12	8⅛	8.13
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 99	0⅛	100⅜	100⅝	13/12	8¾	8.71
B.N.P. 5¼ 95	0	101¼	101½	10/1	5¼	5.18
B.N.P. 5¼ 96 (July)	0¼	100¼	100½	22/1	8¼	8.22
B.N.P. 5¼ 99	0⅛	100	100¼	5/6	5¼	5.24
C.C.F. 5¼ 97	0	99⅝	99⅞	28/10	8.19	8.21
Chase Man'tn 5 2000	0	99¾	100	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/12	8.44	8.44
Chicorp O/S 5¼ 96 Sep	0⅛	99⅞	100⅛	19/12	11.19	11.19
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
E.E.C. 5 90	0	99⅝	99⅞	8/1	5.06	5.08
Halifax 5 92 £	0	99⅝	99⅞	7/10	5	5.01
Ireland 5¼ 97	0	100	100¼	26/10	9.69	9.68
Ireland 5¼ 99	0	100¼	100½	16/3	8.94	8.90
Italy, Republic 5 94	0⅛	100	100¼	12/11	8⅞	8.86
Lloyds Bank Perp	0¼	100	100¼	9/12	8	7.99
Midland Bank Perp 5	0¼	99⅝	100⅛	19/12	8⅛	8.14
Nat West Perp A 5¼ S	0¼	99¾	100	9/1	8¼	8.26
Nat West Perp B 5¼ S	0¼	99⅞	100⅛	10/2	8.91	8.91
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Roy Bk Canada 5 2005	0⅛	99¾	100	7/10	8¼	8.26
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅝	1/11	11.69	11.76
United Kingdom 5 92	0	99⅞	100⅛	7/7	5	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.84	124¾	125¾	−4¼	9.56
Comcast 7 2000	12/85	23.875	†102½	103¼	0	29.27
Fanuc 3¾ 98	1/84	7032.3	170	170¾	+0⅜	65.13
Fuji Hvy Inds 3 2000	8/85	676	95⅞	96⅞	−1⅛	2.51
Fujitsu 3 99	5/84	1320.9	89⅜	90⅜	0	21.39
Kumagai Gumi 3½ 2000	3/85	600	176¾	177¾	−0½	4.90
Marui 3½ 99	7/84	1162	144½	145½	−6	−0.93
Mitsubishi Elec 2⅞ 00	3/85	422	101⅞	102⅞	−1⅜	−3.41
Murata 3½ 2000	7/84	2396	97⅜	98⅜	−1⅜	29.32
Nippon Elec 2⅞ 2000	1/85	1295	90¾	91¾	0	31.43
Nippon Oil Co 3 2000	5/85	923	95½	96½	−3⅛	−4.22
Oki Elec Ind 3½ 99	10/84	805	85¾	86¾	−0¼	21.87
Orient Leasing 5¼ 98	6/83	2680	95½	97	−2¾	0.73
Sekisui House 3 99	6/84	612	104¾	105¾	−7½	−1.55
Sumitomo Bank 2¾ 2000	8/85	2142	100⅝	101⅝	−0⅞	9.35
Sumitomo Corp 2⅞ 99	5/84	598	144⅝	145⅝	−5⅛	−0.35
Taiyo Yuden 3¼ 2000	3/85	1078	†85	86	+1	−2.50
Takeda Riken 3⅜ 2000	10/84	7863	†83	84	+0½	16.16
Tokyo Sanyo Elec 3½ 99	12/84	772	91	91¾	−1⅝	7.93
Toshiba Ceramics 3 2000	4/85	1734.2	84⅞	85⅞	+0⅜	17.58
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†*100	100¼	−2¾	24.86
Nippon Shinpan Co 2 92 SF	3/84	801	†*116¾	117	−2⅜	12.50
Asics 5 92 DM	12/83	520	106⅜	107⅜	−0¼	23.73
Renown 3⅛ 90 DM	3/85	675	†106¾	108¾	+0¾	8.10
Sum Realty 6¼ 92 DM	2/83	338	†358½	359¾	+17⅛	−0.46

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

The Daiwa Warrant Index: 1704.21 (1000 = 02-Jan-1985) — Total warrant market value: $969,420,000

ISSUER—Warrant expiry date	Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Premium (%)	Gearing	Premium/Gearing Ratio
AICA KOGYO 17/8/90	20.00	21.50	750	18.12	5.21	3.47
CASIO COMPUTERS 6/3/89	39.00	40.50	1,620	5.78	3.48	1.66
C. ITOH 4/5/89	39.50	41.00	445	6.18	3.36	1.84
C. ITOH 20/1/87	55.00	60.00	445	20.36	2.29	8.90
DOWA MINING 20/7/90	9.50	11.00	598	40.78	7.88	5.17
FUJIKURA CABLE 28/4/89	10.50	12.00	337	28.02	7.59	3.69
HAZAMA GUMI 1/11/89	11.00	12.50	391	33.32	7.63	4.37
J.S.R. 28/4/89	9.00	10.50	348	40.38	7.82	5.16
JUSCO 22/12/88	81.00	85.00	884	13.92	2.03	6.86
KAYABA INDS 15/2/89	18.00	19.50	298	9.72	6.01	1.62
KOKUSAI KOGYO 19/9/90	18.50	20.00	1,960	15.52	5.76	2.69
KUMORI PRINTING 20/12/89	18.50	20.00	2,080	38.64	4.86	7.95
MARUBENI 30/9/92	19.50	21.00	400	13.64	5.59	2.44
MARUZEN 12/2/90	11.00	12.50	465	38.83	7.68	5.05
MINEBEA 20/2/89	57.00	63.00	764	57.25	1.73	33.00
MIT. CHEMICAL 20/1/87	98.00	101.00	498	26.07	1.61	16.17
MIT. CORPORATION 7/11/88	39.00	40.50	645	6.29	3.48	1.81
MIT. GAS & CHEM 20/3/89	35.00	36.50	431	2.15	3.77	0.57
MITSUI E/S 15/10/88	12.00	13.50	165	14.50	7.88	1.84
MITSUI E/S 10/12/87	25.00	27.00	165	8.23	4.91	1.67
MIT. METAL 10/2/89	76.00	80.00	579	39.98	1.68	23.74
MIT. METAL 10/11/89	13.00	14.50	579	38.55	6.39	5.72
MITSUI PETRO. 15/2/90	34.00	35.50	489	0.47	4.39	0.11
NIPPON MINING 17/3/89	94.00	98.00	368	51.71	1.36	37.97
NIPPON MINING 15/6/90	11.50	13.00	368	44.12	6.90	6.40
NISSHO IWAI 1/2/89	14.00	15.50	283	13.03	7.10	1.84
NOMURA SECS 31/10/88	80.00	81.50	1,220	0.62	2.31	0.27
OHBAYASHI GUMI 5/4/89	88.00	93.00	454	1.68	2.09	0.81
OMRON TATEISHI 31/3/89	8.00	9.50	1,220	103.63	5.86	17.68
ONODA CEMENT 28/2/90	18.00	19.50	347	18.13	6.10	2.97
OPTEC DAI-ICHI 23/2/90	14.50	16.00	603	23.80	6.91	3.45
OSAKA TRANSF. 29/1/90	19.00	20.50	524	14.91	5.88	2.54
RENOWN 24/1/89	18.00	19.50	760	21.06	5.43	3.88
RICOH 20/9/90	15.50	17.00	850	20.70	6.35	3.26
RYOBI LTD. 25/5/90	14.00	15.50	400	17.89	7.20	2.49
SEINO TRANS. 17/3/89	15.50	17.00	1,170	13.51	6.22	2.17
SEIYU STORES 20/3/87	60.00	64.00	715	40.23	1.91	21.02
SEKISUI CHEM 20/9/90	32.00	33.50	606	10.13	3.98	2.55
SONY CORP. 26/4/90	16.00	17.50	3,490	46.99	5.28	8.90
SUMI. CONST. 24/3/89	72.00	77.00	336	0.13	2.36	0.05
SUMI. HEAVY 24/2/89	24.00	25.50	269	5.36	4.99	1.07
SUMI. REALTY 21/11/89	103.00	104.50	973	2.59	2.04	1.27
TOKYO ELECTRIC 14/3/89	7.50	9.00	1,000	51.55	8.61	5.99
TOKYO SANYO 8/6/87	154.00	159.00	590	78.78	0.96	82.33
TOKYU CORP. 28/1/90	95.00	96.50	583	1.47	2.20	0.67
TOKYU DEPT STRS 20/7/90	27.00	28.50	601	4.51	4.84	0.93
TORAY INDS 5/3/87	31.50	33.00	568	3.28	4.15	0.79
TOYO ENG. 28/2/89	53.00	57.00	672	52.87	1.90	27.82
YAMAMURA GLASS 8/5/90	10.50	12.00	420	34.38	7.91	4.35
YAMATO KOGYO 29/1/90	14.00	15.50	600	16.66	7.41	2.25

Reuters Monitor DABF/G/H/I/J — Further information from: Freddy Glock, Beverly Kelly or Edward Cartwright on 01-248 8080 Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

Abbey considers £20m offer from French Kier

BY FRANK KANE

THE board of Abbey, the Dublin-based housebuilder which is in effect controlled by the Gallagher family, was considering last night whether to recommend an offer for the company from French Kier Holdings, the UK construction, shipping and property group. The offer values the Irish company at £19.55m.

Kier earlier announced that it had received irrevocable undertakings from Abbey shareholders in respect of 8.55m shares, or 36.4 per cent of the total. It is understood that these acceptances came from two institutional shareholders — Zaiton Investments and Cambulag Investments — which represent the interests of Mr Patrick Gallagher, currently company president, and the late Mr James Gallagher. Gallagher.

The attitude of the company chairman, Mr Charles Gallagher, who has a large interest in Abbey through a third institutional shareholder, has not yet been made public. The company said last night that it would be in a position today to issue a statement concerning the offer.

Mr John Mott, French Kier's chairman, said that he was hopeful of getting a recommendation from the board, but added that the 36.4 per cent stake was "a good start." Kier has for some time had it in mind to expand its housebuilding activities, he said, and they heard recently that a large holding in Abbey might become available.

Although Abbey is registered in Dublin, most of its business is in the UK. In the year to April 30 1985, of its total turnover of I£56.52m some I£44.3m derived from UK operations. Of particular attraction to Kier is its strong presence in the Home Counties.

Mr Charles Gallagher, chairman of Abbey

Kier said that the addition of Abbey's operations in the south-east of the UK — in 1984-85 it built approximately 700 houses in the private sector — would give the combined group sales of over 1,000 houses per year and would strengthen Kier's position in this market. Abbey also has a successful plant hire business in the UK which Kier would intend to develop.

The terms of the offer are one new 25p (sterling) ordinary share in Kier, plus I£2.75p, for every five ordinary shares in Abbey. On the basis of Kier's closing price of 190p (sterling) last Friday, this values each Abbey share at I£1, and the company at I£23.48m.

There is a cash alternative which values each share in Abbey at I£0.96, or 80p sterling.

Abbey closed at 92p, up 2p, on the London market last night, some way higher than the implied sterling value of the Kier offer at 83p. French Kier shares were unchanged at 189p.

Last Friday Mr Charles Gallagher told shareholders at the annual meeting that he was unable to offer an explanation for the sharp rise in Abbey shares — they rose from 70p to 90p sterling over the week. No takeover approach whatsoever had been notified to the company.

Also yesterday French Kier announced its results for the first half of 1985. These showed a 16 per cent rise in profit before tax from £6.33m to £7.35m on turnover ahead 15 per cent at £150m.

The early indications for the second half gave him a degree of encouragement for the full year. He anticipated a turnover figure of around £360m for the year.

The interim dividend is raised from 1.55p to 2.33p, but the directors advise shareholders not to regard that as a guide to the rate of full year increase. The total last time was 6.15p.

Shandwick coming to USM

BY LUCY KELLAWAY

Shandwick, the third largest public relations group in the UK, is poised to join the USM later this month with a likely value of about £7m.

Shandwick will be the fourth company in its sector to go public: the largest PR agency, Good Relations, is fully listed, while two others, Valin Pollen and Addison Page, are quoted on the USM.

The company was founded by Mr Peter Gummer, brother of John Selwyn Gummer MP, in April 1974. Its first client was Mr Gummer's previous employer, the ICFC; 11 years later Shandwick has a client list of 150 companies.

Three separate subsidiaries comprise the group: Shandwick Consultants, which specialises in financial corporate work, Shandwick PR, which handles brand publicity for consumer products, and Shandwick Communications, which is involved in high technology and fashion consultancy.

Financial PR accounts for about 40 per cent of the group's fee income which totalled £2.9m in the year to July 1985. Consumer PR makes up about 35 per cent with the balance filled by Shandwick Communications.

Mr Gummer prides the company on its ability to cope with "those problems which shake a business, like a takeover, or when the chairman leaves quite suddenly."

Shandwick acted for Powell Duffryn while it successfully fought off an approach from Hanson Trust. It worked for BTR during bids for Thomas Tilling and Dunlop, and more recently, helped in the abortive defence of Arthur Bell from a bid from Guinness. "We were brought in towards the end of that battle," notes Mr Gummer.

During the last few weeks Shandwick has won the business of the Football Association, whose image it will attempt to repair from the damage caused by football hooligans.

Unlike its competitors, Shandwick is solely engaged in public relations consultancy, although it is planning to branch out into related areas. A small amount of new money will be raised at the time of the float, which according to Mr Gummer will be used to "build the core business and extend horizontally into financial advertising and design."

Morgan Grenfell will be placing around 20 per cent of the shares of the company, more than half of which are to be sold by existing shareholders. Mr Gummer, who currently owns about 90 per cent will retain a controlling interest after the placing.

The prospectus will be published on October 17 and although the price has yet to be agreed upon, the shares are likely to be on an historic price earnings multiple in the low twenties.

Brokers to the issue are Rowe and Pitman.

Kalon plans £9m takeover of Dufay

Kalon Group, the West Yorkshire paint-maker yesterday announced plans to launch an £8.8m takeover bid for Dufay Bitumastic, the industrial coatings and ink manufacturer, provided Dufay's board will back its offer.

Dufay said it would be consulting its financial advisers and warned its shareholders to take no action.

The success of any Kalon bid will depend very much on what happens to a 24.1 per cent stake in Dufay which is up for sale.

This holding came on the market in August when Camrex (Holdings), a marine and industrial paint-maker and the owner of the Dufay shares, was put in the hands of the liquidator by its parent company Ruberoid.

Kalon has put an offer to the liquidator, Mr John Wheatley of Peat Marwick Mitchell, but as many as six or seven other parties are believed to be interested. The result of the tenders should be known next week.

Kalon said it is ready to offer 21 of its own shares for every 10 Dufay. Kalon's shares fell 1½p yesterday to 25½p to value its bid at 53½p for each Dufay share. Dufay's shares rose 9p to 56p.

The bid announcement coincided with the publication of Kalon's unaudited results for the six months ended June 1985 which showed a 32 per cent rise in pre-tax profit to £1.24m on turnover 11 per cent higher at £38.3m.

The group was formed in June by the merger of the troubled Leyland Paint and Wallpaper and Kalon, a private Yorkshire paint and chemicals company. The comparatives aggregate the results of Kalon and the continuing operations of Leyland.

For 1984 Kalon achieved £3.07m at the pre-tax level, while Leyland incurred losses of £559,000. The costs of the merger are not included in the results.

In the light of the figures the special interim dividend of 0.8p, forecast at the time of the listing, will be paid. This is in lieu of a final for the year to end-December 1985. In future the directors intend the dividends to be divided as to one-third at the interim stage and two-thirds for the final. Stated net earnings this time are 0.69p (0.52p) per share.

Mr Leslie Silver, the chairman, says that none of the benefits from the merger is reflected in the results. The two companies are integrating quickly and effectively, and the board is confident that second half results will reflect the tangible benefits being achieved.

He also adds that the substantial investment programmes mean group borrowings will continue at about the current level. The board anticipates that as the benefits from both the merger and these investments are progressively realised the chairman will be able to report satisfactory full-year results and confidence in the future.

The results this time have been achieved despite severe increases in raw material costs, particularly titanium dioxide, and the poor level of profits in the paint industry as a whole.

With turnover ahead by £3.86m to £38.33m, the group's trading profit rose from £1.34 m to £1.88m. Higher interest charges of £642,000 (£410,000) were due to the capital investment and business expansion of 1984 and higher interest rates during the period.

Tax took £434,000 (£326,000) leaving net profits of £805,000 against £606,000. There were extraordinary credits this time of £9,000.

Ibstock Johnsen higher after reduced U.S. loss

A SHARP reduction in U.S. losses from £1.53m to £0.2m enabled Ibstock Johnsen, facing brick manufacturer, to turn in increased pre-tax profits of £4.83m for the first half of 1985, compared with a restated £4.65m last time.

In the UK, the company's brick deliveries, down by 21 per cent in the first quarter, recovered in the second but were still over 12 per cent lower at the half year.

The combined effects of bad weather and the miners' strike also affected production in several plants. At £6.68m, UK profits were £0.45m short of last year's record first half.

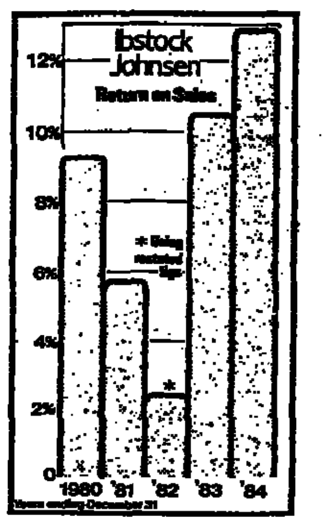
UK trading conditions are not as favourable at last year, but deliveries on a month on month basis are now running slightly ahead of 1984.

The acquisition of Warners in April, to provide Ibstock with a clay tile production facility in the excellent market area of the Thames Valley, is working out well and it is hoped soon to finalise plans for doubling production at that plant.

In the U.S. Glen-Gery continues to make good progress and by August the company had moved into profitability. Turnover in dollars again rose substantially with a 33.6 per cent increase over last year's first half. Losses of $2.1m were reduced to $0.25m.

The company's order book is filling well and prices are gradually rising. In May, the company opened the brickwork design centre in Manhattan. As soon as major investments are all working satisfactorily, margins are expected to move upwards.

Major investments have been taking place at three U.S. plants and at most of the company's UK plants there is a similar picture. The board says a certain amount of commissioning disruption is inevitably being experienced from time to time this year.



Group half year turnover increased from £49.1m to £57.3m, of which UK building products accounted for £25.77m (£25.71m) and the U.S. £30.3m (£19.16m).

Turnover of the fibres division fell from £4.23m to £1.23m. Adverse conditions continue in the world pulp markets and as anticipated, this side's trading profits at £0.69m were below last year's exceptional £1.05m.

Group tax charge for the period was lower at £1.45m (£1.84m) as a result of a high level of UK investment and improved U.S. results. Net profits were £3.38m (£2.81m) for stated earnings per 25p share of 5.57p (4.92p).

The interim dividend is in effect 20 per cent higher at 1.5p (1.25p) net—last year's total was equivalent to 4p after adjusting for the one-for-one scrip.

Net interest charges for the half year increased from £1.68m to £1.93m.

● comment

Ibstock Johnsen's profits were slightly below forecasts but the share price managed to put on 2p to 154p—probably more on the note of optimism about prospects in the U.S. than through expectations of any advance at home. Turnover in the U.S. now far outstrips that in the UK, yet it has not delivered any profits since 1979. The potential for improvement is clearly vast and the fact that August showed a profit suggests that the corner has at last been turned: analysts expect a contribution of $2m this year. The UK prospects are not so bright: in the first half Ibstock's 12 per cent decline in deliveries compared with an industry average of 10 per cent, and only the fact that its prices held up preserved the turnover figure. Deliveries in the second half may be running ahead of last year's but oversupply is likely to see prices fall. Meanwhile the fibre interests are suffering a marked downturn. Overall a modest advance this year to £13m looks probable, putting the shares on a prospective p/e ratio of 10.5 after a 30 per cent tax charge—undemanding in the light of the U.S. prospects.

Falcon hit by profits delay

Falcon Resources, the oil and gas exploration and production company with all its interests in the U.S., has reported a pre-tax loss of £138,000 for the six months to June 30. This compares with a profit of £35,000 in the first half of 1984 and a profit of £90,000 in the closing six months.

Included within the pre-tax loss was a small positive contribution from the one-third owned Falcon-Andrua drilling services company and a loss of £81,000 from the 42 per cent owned Vestor, the Birkenhead slop oil recovery company.

A loss per share of 0.3p was struck after a tax credit of £13,000. Earnings in 1984 were 0.3p per share.

Mr Ronnie Monk, Falcon's chairman, said that 1985 was going to be spent largely in completing the planned drilling programme. As a result oil and gas revenues at £195,000 had not increased much from the second half of 1984. Reserves and acreages had significantly increased at the expense of income, he said.

In April, Mr Monk said that the reserves already established would now be "turning into significant cash flow." However, the exploration orientation so far this year had led to "revenues expected for 1985 being partially postponed until 1986," said Mr Monk yesterday.

During 1984, Falcon raised £4m from a rights issue, which together with initial resources of £2.4m has been fully invested in finding and exploring reserves that will "turn into significant cash flow by the beginning of 1986."

The exploration successes have led to a stretching of liquidity, says Mr Monk "but we have no borrowings at present and will not be turning to shareholders for funds before the end of 1986 and will rely on other forms of financing."

Falcon, which was brought to the market in 1984 by merchant bankers Hill Samuel and brokers W. Greenwell & Co, has recently moved to bankers' Brown Shipley. Finding new brokers is proving more difficult. After leaving Greenwell in April, Falcon tried Panmure Gordon but has since left and is still looking for a fresh advisor.

In the longer term, Mr Monk considers that Falcon's equity base needs further strengthening. A number of North American acquisition are being considered, which if successful would increase the shares in issue and borrowing base of the company.

● comment

Like many UK listed oil companies specialising in the U.S., Falcon Resources has had a hard time of late. The shares are well off the 1985 high of 174p at 43p yesterday. The presentational gifts of Mr Monk were employed to the full in the last year and it is a more modest chairman who now speaks of revenues being delayed and of the need for funds to cope with the overstretching. What the market has to consider is whether too much success is after all Falcon's problem. If the exploratory well programme completions are bankable then loans should be forthcoming—but shareholders are warned to beware a late 1986 call. Brokerless and almost void of analyst interest, Falcon hopes to be in the black by the year end. But the likelihood of this once heavily hyped stock making it back into the fast lane in the near future is slim.

Contract problems push Turriff into the red

FURTHER LOSSES in its southern construction division on contracts entered into in 1982-83 continue to overshadow the underlying profitability of Turriff Corporation, the directors say in reporting the group's dive into losses of £421,000 for the first half of 1985, compared with pre-tax profits of £509,000.

Turnover for this Warwick-based builder and property developer, dropped by £0.7m to £31.1m over the six months. The pre-tax figure was struck after a loss of £1.2m on building construction and refurbishing, against profits of £104,000.

Looking ahead, Mr W. G. Turriff, the chairman, believes that the company has "bitten the bullet," and will deliver worthwhile profits in the not too distant future.

The company has taken into the first six months the full projected losses for 1985 and beyond, he says. The additional losses are due to protracted completion dates, remedial action on sub-contractors' work, additional work at inadequate rates and delays in final settlements.

He adds that positive action has been taken to consolidate and control effectively the involvement in competitive construction.

After a lower tax charge of £80,000 (£153,000), and minorities down from £72,000 to £42,000, the attributable loss emerged at £523,000 (£284,000 earnings) for a loss per share of 11.9p against earnings of 6.4p.

Guinness Peat lifts Britannia Arrow stake

Guinness Peat, the financial services group, has acquired a further 3.25m shares in Britannia Arrow Holdings, the investment and banking conglomerate, its raising its stake from just under 26 per cent to over 28 per cent.

GP was offered the block of shares yesterday morning at 101½p at a time when they were trading in the market at 105p. They closed last night at 105p, down 1p.

Mr Alastair Moreton, GP's chief executive, said the acquisition was made because the shares were offered "at a price not to be missed."

Jerome profit soars by 140% at halfway mark

THE TEXTILES and electronics group S. Jerome & Sons (Holdings) has expanded profits in the first half of 1985. Its pre-tax result is up from £131,000 to £314,000, and the interim dividend is being lifted from 0.694p to 1p net per share.

However, part of the increase is to reduce the disparity with the final—2.13p last time—and the total for the year will depend on the full results, which are likely to be a record.

In the half year, the textile side—worsted spinning, weaving, bleaching and finishing—lifted its profit from £312,000 to £468,000. The directors say the order books are at a record level

In electronics the previous loss of £66,000 has been turned into a profit of £33,000, and this significant improvement is very encouraging, the directors state. In the early part of the previous year this side suffered from a shortage of orders.

Management changes were made earlier in the year but the full benefits therefrom are not expected until 1986. Mr R. Jerome took over executive responsibilities of managing director, and a sales director was appointed with special responsibilities for the offshore oil and gas side of the electronics business.

The divisional profit split is stated before charging interest of £187,000 (£115,000). Tax takes £132,000 (£52,000) to leave the net profit at £182,000 (£79,000) for earnings at 3.78p (1.72p).

More dealings in United Newspapers

Kleinwort, Benson, the merchant bank advising Fleet Holdings on its defence against a £277m takeover bid from United Newspapers, announced yesterday it sold 250,000 United shares at 303p each on Friday.

This was Kleinwort's second sale from the holding of 2.08m shares bought last month

Morgan Grenfell, United's adviser, has also entered the share dealing fray and had bought 240,000 United shares by last Friday.

United's shares fell 3p to 300p yesterday while Fleet was unchanged at 352p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Close Brothers	4.75	Nov. 8	3.3	7.38	5.8‖
Ferry Pickering	1.9	Nov. 15	1.7	3	2.7
French Kier ......int.	2.33	Nov. 15	1.55	—	6.15
Global Group	1.25‡	Nov. 29	—	2.25	—
James Halstead	2.5	Dec. 6	2.25	4	3.5
Ibstock Johnsen ......int.	1.5	Dec. 3	1.25*	—	4*
S. Jerome ......int.	1	Nov. 15	0.69	—	2.82
Kalon Group ......int.	0.8	Feb. 28	—	—	—
Marler Estates	3	Nov. 9	2	3	2
Molins ......int.	2.2	Nov. 29	2.2	—	7.9
Nth. British Can. ...int.	2	Nov. 11	1.9	—	6.2
Moran Tea Hlgs. 2nd int.	6¶	Nov. 14	6	—	10

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Making 11p so far in 18 months to June 30 1985. ‖ For 10 months.

Substantial progress for James Halstead

ALL-ROUND progress has been made by the James Halstead Group in the year ended June 30 1985. Turnover, trading profits, and the pre-tax balance show substantial increases, and the balance sheet is stronger with borrowings at below 10 per cent of shareholders' funds.

The dividend is lifted from 3.5p to 4p net with a final of 2.5p, and the directors express confidence in the future and expect current year's results to show still further progress.

The group's main trading areas are the manufacture of floorcoverings and leisure products, the loss-making coach/camping holiday operation having being closed during the year. Group turnover rose 11.6 per cent from £31.53m to £35.19m, traing profit by 42.4 per cent from £2.45m to £3.49m, and the pre-tax balance by 40 per cent, from £2.19m to £3.07m after increased employee profit sharing.

Mr Vincent Clare, the chairman, says the management has concentrated hard on the development and expansion of the core businesses, and its basic intention is to carry on with that policy.

Progress in the flooring division has been excellent with profits up from £3m to £3.32m, but the other trading divisions too have improved, with their contribution going up from £5,000 to £352,000. Losses in the discontinued activity fell substantially from £554,000 to a final £176,000.

Administration costs fell to £133,000 (£160,000) but there was a charge for finance of £128,000 (income £16,000). Tax takes £1.24m (£785,000) to leave the net profit at £1.83m (£1.41m) for earnings of 12.92p (10.07) per share.

This year there is an extraordinary debit of £33,000 (£770,000) comprising reorganisation costs less the write-back of a closure provision no longer required.

The growth of James Halstead (floorcoverings in PVC and carpet form) is particularly encouraging, says Mr Clare, as market conditions, especially retail, were never easy. The improved profitability is the result of keen marketing and the identification of new product areas and applications.

Belstaff International (clothing for the motor cycle and leisure industries) gave a better performance due to intensified efforts and the introduction of products in several new markets.

Conway Leisure Products has re-established its prominence in the market for trailer tents and folding campers, and the previous year's loss was turned into a small profit. Assuming a reasonable season, the chairman says that company is well placed to return a more acceptable level of profits in the current year.

● comment

James Halstead's figures are flattered somewhat by comparison with a year in which it was still sustaining losses from its ill-starred venture into car camping holidays and during which it contended with the distractions of an unwelcome bid from British Syphon. They look creditable nonetheless: the management's determination to concentrate on its existing businesses and squeeze as much out of them as it can with rationalisation, cost-cutting and the introdution of new products is clearly paying off. Belstaff, in particular, is showing a significant recovery following management changes last year; meanwhile, in PVC flooring, the group remains leader in the contract flooring sheet market and is benefiting from the strength of its exports: it has won a contract to supply the U.S. Navy which was taken from a Japanese supplier. This year should see a similar rate of growth, suggesting profits of about £4m. After a tax charge of 40 per cent, this has the shares on an undemanding prospective p/e ratio of about 6 at 98p.

LADBROKE INDEX

1,005-1,009 (−6)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

Martin Dickson on Carlton's bid approach to Thames Television

A very big mouthful to swallow

Carlton Communications, which is making a takeover bid for **Thames Television**, the largest independent contractor in the ITV network, has come a very long way in a very short time, and in just a few years as a publicly quoted company has established itself as Britain's biggest television services group.

Its shares have soared over the past three years from the equivalent of less than 100p to 820p—the price at which they were suspended yesterday, at the company's request, when it confirmed it was holding detailed discussions on a bid.

Thames' main shareholders are Thorn-EMI and British Electric Traction (BET), both of which would be happy to sell—provided the price is right—since the station does not fit in to what each company sees as its core activities.

Carlton, which has a market capitalisation of around £200m, employs some 650 people across a wide range of television related activities, including the development and manufacture of advanced technology, the provision of television facilities and production, and back-up services such as prop hire.

It began *its life as a publicly* quoted company in February 1983 when Michael Green, Carlton's chairman, and his brother David, obtained an official listing for their company with a reverse takeover of Fleet Street Letter, a shares tipsheet.

They brought to the enlarged group companies *engaged* in shopfitting, photography, exhibition design and television facilities, with much of the emphasis on the advertising work done by Carlton's photo*graphic studios and laboratories.* Since then, the main thrust of expansion has been into moving pictures and the technology needed to produce them.

The Fleet Street Letter and related financial publications are still part of the group, but a declining one in relation to total group revenue. Publishing *now accounts for* around *12* per cent of turnover.

Photography, exhibition and prop hire, account for some 30 per cent of turnover, through such companies as Carlton Fox Colour Laboratory (services for professional photographers, publishers and the advertising agency) and Carlton Sterling, a specialist shopfitter.

But the bulk of turnover and profits now comes from television activities, with internal growth complemented by a rapid series of acquisitions.

In August 1983, Carlton acquired for £13m the Moving Picture Company which, combined with Carlton Television, became the biggest independent video picture manipulation company in Europe. Early in 1984 it paid £2.9m for Video Time, which specialises in video film to tape transfers and "standard conversions" — rejigging television pictures between European and U.S. transmission systems.

In its biggest deal to date, *Carlton agreed last Christmas to* buy Abekas, a U.S. company, for up to $30m over five years. Abekas, which has bases in Reading and Foster City, California, makes high performance digital video products—a major television growth area, since the use of digital technology means that no matter how much an image is manipulated, there should be *no* loss of picture quality.

Mr Michael Green, chairman of Carlton

These acquisitions and internal growth have produced an annual average growth rate of more than 40 per cent in pre-tax profits over the past *five* years, to reach £5.5m in 1983-84 on turnover *of £21.5m. Analysts are expect*ing pre-tax profits of over £11m this year and possibly £15m next.

Thames, by comparison, produced pre-tax profits in the year to March of £8.7m (a £13.6m con*tribution from international sales* more than offsetting a £4.8m loss on primary business) and had a turnover of £167.9m

Thames, then, would be a very big mouthful for Carlton to swallow, but initial surprise in the City yesterday at its ambitions was later widely replaced by a feeling that the station *could benefit from the kind of* "hands on" approach likely to be provided by Mr Michael Green.

"He is a very impressive performer, with a clear grasp of what he wants to do and ability to communicate it," said one City analyst. "In building up Carlton, he has not put a foot wrong yet—its a little unnerving."

Mr Green pointing to Thames' disappointing recent profits performance, believes a merger with Carlton can create a major new television force, combining Thames' programming skills with his company's management and technological resources.

In particular, he sees great scope for taking advantage of the rapid growth of the European satellite television market.

"UK contractors cannot afford to ignore this trend," he said yesterday. "They are in a unique position to take advantage of it, with under-utilised production facilities and substantial stocks of high quality programming."

See Lex

Disposal costs Duffryn £6.5m

BY FRANK KANE

Powell Duffryn, the distribu*tion, storage and engineering* concern, is to incur a £6.5m loss on the sale of its depressed timbr division to **Meyer International**, the UK's largest timber group.

It was announced yesterday that Meyer has reached agreement to pay a total of £18.65m in cash for Powell Duffryn Tim*ber, which on March 31* had net assets of £7.4m but owed intergroup debt of £17.15m. The money will be used by Powell to discharge that debt.

The shortfall—at £6.5m, some 5 per cent of shareholders' funds—will be treated as an extraordinary item in the accounts for the year ending March 31 1986.

Mr David Hubbard, Powell's finance director, said that the group had been thinking of pulling out of the timber business for some time "in order to con*centrate on the things that we are better at." He indicated that* there had been a number of interested parties apart from Meyer.

The timber division last year returned trading profits of just £745,000 on turnover of £53m, *suffering from a stagnant house*building market, fierce competition and adverse publicity for *timber-frame housebuilding.* Mr Hubbard said yesterday: "When you sell a business at the low stage of the cycle you can't expect to get net asset value."

However, Mr Ron Groves, chairman of Meyer, said that there had been a significant improvement in profits at PDT during the current year, and *the indications, based on man*agement accounts, were for a profit of more than £1m, before inter-group interest, for the first half ended September 30.

For the second half it is expected that profits will be at *least maintained* at that *level* and that PDT will cover its financing costs from the outset.

The acquisition would enable Jewson, Meyer's timber and builders merchant division to achieve immediately a substantial part of its current development programme, said Mr Groves, adding: "it will also provide extra importing, merchanting and manufacturing facilities in certain areas which are important to the group."

He indicated that PDT would be rationalised and restructured, and that Meyer saw the opportunity for substantial economies of scale.

For Powell Duffryn, the disposal marks the near-completion of the programme of divestment from non-core activities which the company has followed in recent years.

No OEM offer from Tomkins

By Frank Kane

F. H. Tomkins, the fst-growing West Midlands engineer, has decided not to proceed with an offer for **Office and Electronic Machines**, the sole UK agent for the distribution and service of Triumph Adler office equipment.

Tomkins, headed by Mr Gregory Hutchings, announced last night that it had been unable to reach agreement with Triumph Adler in the UK, and was therefore no longer considering making an offer for OSM. When Tomkins first announced its intention to bid, it made any offer conditional on securing the accord of TA on taking over OEM's sole agency for its products "on terms that are satisfactory to the board of Tomkins."

The 250p per share offer would have valued OEM at £15.3m.

Tomkins shares closed 3p down at 226p while OEM were unchanged at 236p.

Mr Hutchings said yesterday that it was a shame from his company's point of view that they could not agree.

Burnett sheds its 23% Brint stake

Burnett & Hallamshire, the coal and property group currently in talks with its bankers concerning a long-term restructuring, has sold its entire holding of 900,000 shares in **Brint Investments**, the natural resources investment concern which is quoted on the USM.

The holding which represented 23.2 per cent of Brint, was sold last Wednesday after Burnett had received an approach for the shares. Brint shares closed unchanged at 115p last night.

It was also announced yesterday that Temple Investment and Finance has sold 250,000 Brint shares, and now holds 1.17m (30.1 per cent).

Weak technology shares slow Baillie Gifford

AGAINST A background of continuing weakness for quoted technology stocks here and in America, and a further fall in the dollar, the net asset value of **Baillie Gifford Technology** has *fallen from 107.4p to 93.2p over* the six months ended August 31 1985.

However, the holding in currency options provided some protection against the fall in the dollar, the directors state in their interim report for the six months ended August 31 1985.

The BGT policy is to invest *in companies in specific areas of* high technology. In the six months the rate of investment of liquid balances has been slower than expected; as a result income will be higher and it is likely that the dividend for the year will be at least the same as the 0.85p paid last time.

Earlier this year the directors said they were expecting a lower dividend for the year and warned that in future there may not be a payment.

In the half year gross investment income advanced from £130,000 to £395,000. After tax £101,000 (£30,000) the available revenue came to £150,000 (£46,000) for earnings of 1.36p (0.42p).

Full exercise of the outstanding warrants would not have resulted in a dilution of earnings or the asset value.

Close Brothers lifts profits to £2.17m

Close Brothers Group, investment trust and merchant banker, formerly Safeguard Industrial Investments, increased pre-tax profits to £2.17m in the year to July 31 against a restated £1.36m for 10 months.

The final dividend is 4.75p (3.3p), making a total of 7.375p (5.8p for 10 months).

This was the first year of operations following the merger in August last year of Close Brothers Holdings and Safeguard Industrial Investments. The directors say prospects are good and they look forward to *another successful year.*

Tax charges were £794,000 (£419,000) and minorities took £15,000 (nil). There were no extraordinary credits (£22,000). Earnings per share were up from 7.23p to 10.52p.

For the purposes of comparison, financial statements based on management accounts have been used to consolidate the results of Close Brothers Holdings and Safeguard which had financial year-ends of June 30 and September 30 respectively.

Former MS chief sells 21.5% stake

Mr Arthur Snipe, the founder and a former chairman of **MS International**, the Doncaster-based engineering group, has sold his entire shareholding of 5.15m shares — 21.5 per cent

Most of the shares were placed with institutions while 125,000 were bought for trusts for which three directors act as trustees, MS said.

The company is not aware of any other shares held by Mr Snipe but a *further* 2.91m are held by other members of Mr Snipe's family.

Heron in overseas move

Heron International, *Mr Gerald* Ronson's privately-owned property petrol station and financial services group, is to estabilsh a new international holding company incorporated in the Netherlands Antilles.

Heron International NV, as the new company will be known, will be resident in the UK for tax *purposes* and Heron's heal office will remain in north-west London.

The new company will hold all Heron's overseas interests *through two non-UK holding* companies for U.S. and European operations, while the UK interests will be held through Heron Corporation PLC.

This move reflects the growing proportion of total profits which come from overseas. In the year eneded March, 1985 £22.8m or 41 per cent of Heron's £55.5m operations came from outside the UK.

Mr Ronson said the Antilles was an "accepted domicile" offering flexible company law.

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12¼%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12¼%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12¼%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 8.00% gross.

‖ 21-day deposits over £1,000 8.25%.

¶ Mortgage base rate.

** See Provincial Trust Ltd.

§ Demand dep. 8%. Mortgage 13%.

COMPANY NEWS IN BRIEF

PERKIN-ELMER, maker of scientific analytical instruments, raised pre-tax profits from £4.24m to £6.11m for the year ended June 30 1985. Sales climbed to £35.48m, against £26.52m, and after-tax figures came out at £3.57m (£2.66m). The company is a subsidiary of Perkin-Elmer Corporation of the U.S.

VITA PACIFIC, a 40 per cent owned Australian associate of British Via, reports lower taxable profits of A$3.38m (£1.69m) for the year to end-June, 1985, compared with A$3.75m.

NORTH BRITISH Canadian, investment trust, increased its net asset value to 249.5p a share in the six months to August 31, compared with 209.2p a year earlier. Gross investment income rose from £367,752 to £396,358 and net income to £232,611 (£215,682). Earnings per share were 3.45p (3.2p) and the interim dividend is 2p (1.9p).

FERRY PICKERING Group, the printing, packaging and publishing group, has lifted its pre-tax profit by £299,000 to £1.61m for the year ended June 30, 1985. The dividend is being lifted from 2.7p to 3p net, with a final of 1.9p, and there is to be a 1-for-10 scrip.

Turnover in the year moved up £1.86m to £11.63m. After tax £553,000 (£393,000) and minorities £4,000 (£3,000), net attributable profit came to £952,000 (£914,000) from earnings of 8.85p (8.5p) per share.

WARD WHITE, which is making an agreed *£19m takeover bid* for Maynards, has increased its stake in the company from 20.4 per cent to 29.9 per cent with the purchase of 468,000 shares at 400p a share.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bowthorpe, Caparo Industries, Caparo Properties, Christies International, Comcap, S. W. Farmer, Fothergill and Harvey, Hunter, London and Continental Advertising, London and Edinburgh Trust, NMW Computers, Sears, Silkolene Lubricants, Turriff, C. and W. Walker.

Finals: Grosvenor, Lewtex, Westminster and Country Properties.

FUTURE DATES

Interims—	
Air Call	Oct 16
Carlton Industries	Oct 16
De La Rue	Nov 12
Flight Refuelling	Oct 30
Forward Technology Indusis.	Oct 18
Hawker Siddeley	Oct 16
House of Lerose	Oct 16
Lawrence (Walter)	Oct 15
Marlborough Property	Oct 23
Mowlem (John)	Oct 14
New England Properties	Oct 11
Steel Bros.	Oct 17
Tyne Tees Television	Oct 15
UEI	Oct 14
Final—	
GBC Capital	Oct 29

UK COMPANY NEWS

Arrow Capital N.V.

Established in Curacao (Netherlands Antilles)
This notice is important and requires your urgent attention

Notice is hereby given that on Friday, November 1, 1985 at 4 o'clock in the afternoon (local time) the Annual General Meeting of shareholders of the Company will be held at the offices of the Company, John B. Gorsiraweg 6, Willemstad, Curacao, Netherlands Antilles for the following purposes:

1) To waive the statutory requirements with regard to the period within which the Annual General Meeting should be held.
2) Report of the Managing Director on the business of the Company and the conduct of its affairs during the fiscal year ended September 30, 1984.
3) To approve the balance sheet and profit and loss account of the Company for the fiscal year ended September 30, 1984.
4) To approve the remuneration of the Managing Director and the members of the Advisory Board for the fiscal year ended September 30, 1984.
5) To grant the Managing Director and the members of the Advisory Board a discharge from their duties for the fiscal year ended September 30, 1984.
6) To elect the management of the Company for one year.
7) To elect the members of the Advisory Board of the Company for one year.
8) To appoint Independent Auditors for the ensuing year.
9) To transact any other business which may lawfully arise at the meeting.

The official agenda of the meeting together with copies of the audited balance sheet and profit and loss account may be obtained by all shareholders from the offices of the Company as well as from the offices of its sponsoring banks viz: N. M. Rothschild & Sons Limited, London, Pierson, Heldring and Pierson N.V., Amsterdam, Banque Bruxelles Lambert S.A., Brussels, Banque Privée S.A. Geneva, Rothschild Bank A.G. Zurich and Banque Internationale à Luxembourg S.A. Luxembourg.

Holders of registered and bearer shares shall be entitled to vote at the meeting in person or by proxy. Holders of bearer shares or their proxy must produce their share certificate(s) or a voucher given by any of the Company's sponsoring banks stating that share certificate(s) in respect of the number of shares in the voucher have been deposited until the end of the meeting.

The Managing Director
Intimis Management Company N.V.

Leisure Inv. profit surges and more growth expected

Leisure Investments, operator of snooker clubs and amusement centres, which joined the Unlisted Securities Market in June, raised pre-tax profits to £405,000 in the year to June 30 compared with £129,000 a year earlier.

The directors say the company's performance is encouraging and they expect growth to continue this year; trading in the first three months confirms this expectation.

They say they look forward to announcing the opening of more large snooker clubs this year. In addition the company is involved in the development stage of a number of big projects in the leisure industry.

There is no dividend but the directors say they look forward to declaring an interim this year.

Turnover for the year grew from £1.9m to £2.5m, giving operating profits of £722,000 (£338,000). Depreciation costs were £227,000 (£146,000) and interest payable £109,000 (£63,000). Associates took £19,000 (nil).

Tax charges were £91,000 (£21,000) and there was an extraordinary debit of £54,000 (£44,000 credit), mostly relating to a loss on the disposal of shares in Riley Leisure.

There were no dividends paid to Lennards Rinks compared with £90,000 last year before it merged with Leisure Investments.

Earnings per 10p share were 1.92p against 0.73p.

Marler dividend up as asset value soars 93%

Marler Estates, property investor and developer, recorded revenue, after tax and minorities, down to £507,599 in the year to March 25 against £788,033 last time on turnover up from £2.58m to £3m.

However, net assets increased by 93 per cent to £12.81m—equivalent to 277.84p (143.72p) a share.

In view of this increase, says the company, is is raising the final dividend 1p to 3p.

Stamford Bridge Stadium, Chelsea, owned by a 70.15 per cent subsidiary, has been valued by Savills at £12m subject to the existing tenancy, which expires in August 1989, and the granting of planning permission to redevelop it. Such permission was granted on July 24 and on the same day Savills valued it, with vacant possession, at £18m.

Operating income for the year rose from £1.02m to £1.76m. Administrative expenses were £346,349 (£155,755) and net interest charges £777,361 (£32,259).

Losses of the associated company were £4,321 (nil), giving pre-tax revenue of £648,484 (£828,847). Tax charges were £121,092 (£40,866).

Earnings a share on the realised surplus were down from 33.06p to 24.95p and on revenue profits from 20.04p to 10.94p.

Global unchanged at £0.31m but current trading buoyant

Global Group, meat and meat products concern, failed to achieve the increase in 1984-85 profits predicted by the board in January. Pre-tax profits for the year to May 31 1985 were virtually unchanged at £312,000, against £311,000, on turnover up from £24.21m to £26.58m.

The directors are confident, however, that the investments made and the steps taken to strengthen the group's infrastructure will be rewarded in the current year. Trading levels at present are buoyant.

After tax of £150,000 (£119,000) earnings per 10p share of this USM company were stated lower at 4.1p (5.4p) on a weighted average basis. The final dividend is 1.25p for a net total of 2.25p.

A substantial increase in administration expenses was incurred, partly arising out of the acquisitions and investments in the period. Global is taking steps to control levels of expenses and expects them to be proportionately lower in the current year.

International trading conditions have proved difficult in the period and significant orders anticipated from one of the group's major non-EEC customers did not materialise.

The group also experienced disputes in relation to certain goods purchased from EEC intervention stocks and suffered attributable losses in respect of BMG Commodities amounting to £37,000 in its first full year of operation. The situation at BMG however, has since improved.

Results also reflected the significant trade investments made and related costs incurred and provision of facilities to service the higher levels of turnover, now being achieved in all the group's activities.

Global (France) Alimentaire, had a successful year, despite significant start-up costs which have also been reflected in the group's results. The directors consider that prospects for the current year are excellent and expect it to make a significant contribution in the current year.

Considerable investments have been made in establishing a manufacturing division, by the acquisition of interests in Nash Foods and Peakburgers.

A further related acquisition is being negotiated, which will result in the group having interests in a more comprehensive product range.

Peakburgers is making a significant contribution to group pre-tax profits after finance charges and amortisation of goodwill.

The directors anticipate that the manufacturing activities as a whole will provide a valuable contribution to the group's results for the current year.

First half boost for Cannon Street

Cannon Street Investments, an investment holding company, which fell victim to the secondary banking crisis of 1974, raised pre-tax profits to £155,000 in the six months to June 30 against £32,000 last time.

Current trends are encouraging, says Mr Bill Hislop, chairman, and full-year results are expected to show a significant increase on last year. The bulk of profits are earned in the latter part of the year.

The company, floated on the Unlisted Securities Market in July, lifted turnover from £5.02m to £5.32m, producing operating profits of £301,000 (£204,000). Loan interest charges were £146,000 (£172,000) and tax took £7,000 (nil). Earnings per share were 1.19p (0.29p).

There were extraordinary charges of £120,000 (nil) relating to the issue of £1m convertible preference shares in April and the £1.4m bid for the company from Mr Hislop.

He says that, although net assets have increased only marginally because of the extraordinary charges, a revaluation of some property has resulted in a £438,000 surplus.

Molins sees material increase in year profit

BENEFITS OF the restructuring are beginning to show through at Molins, maker of machinery for the tobacco and corrugated board industries which is the subject of a management buy-out. And for the current year the directors are forecasting a "material increase" in profits over the £6m pre-tax of 1984.

Sir Harry Moore, chairman, says the formal offer is awaited from the consortium of institutional investors and senior executives of the company. The consortium has said that the offer would not exceed 170p per share.

A carry-over of the restructuring affected the first half of 1985. Despite no interest charges this time, the profit before tax fell from £2.9m to £2.5m, with tobacco accounting for £1.7m (£2.8m) and corrugated board for £800,000 (£300,000).

Conditions in the tobacco market generally have not improved, but the order books for most of the group's UK factories extends well into next year. In corrugated board machinery, market demand has maintained its improvement, particularly in the U.S.

After tax of £600,000 (£1.2m) and minorities and preference dividend £100,000 (same), the attributable profit for the half year came to £2m (£1.8m), equal to 6.8p (6.2p) per share. The interim dividend is held at 2.2p net.

APPOINTMENTS

Barclays deputy chairman

Mr Derk Pelly, a vice-chairman of BARCLAYS BANK, has been appointed a deputy chairman from January 1, 1986 on the retirement of **Mr Frank Dolling**. Mr Dolling remains a Barclays director. **Mr Andrew Buxton**, while remaining a vice-chairman of Barclays Bank, will succeed Mr Dolling as chairman of Barclays Merchant Bank.

★

Mr Graham J. Margot has been appointed an executive director of HONG LEONG SECURITIES COMPANY of Hong Kong.

★

Mr Roy Dorey has retired as director of the CLOTHING AND FOOTWEAR INSTITUTE. He is succeeded by **Mr Denzil Cowdry**. He has recent experience in business and office organisation, following a distinguished career in HM Forces. He retired from the active list as a brigadier in 1981.

★

Mr John Stressing has been appointed managing director of ZYCAD. He joins from Daisy Systems.

★

Mr Alexander Ledingham will be retiring as chairman of THE CITY OF ABERDEEN LAND ASSOCIATION at the annual meeting on October 31. He will be succeeded by **Mr Geoffrey Ball**, chief executive. Mr Ledingham will remain on the board.

★

SELTECH INTERNATIONAL, operating division of Selkirk Communications, has appointed **Mr Dan Anco** as managing director.

★

Mr Mervyn Windsor has been appointed non-executive chairman of EALING ELECTRO-OPTICS. He will retire as director in charge of finance at Pilkington Brothers on October 10. **Professor Christopher Dainty** has been appointed a non-executive director. In January 1984 he was appointed Pilkington Professor of Applied Optics at Imperial College, London.

★

JEFFERSON SMURFIT GROUP has appointed **Mr James O'Dwyer** as a director. He is a senior partner of Arthur Cox & Co, solicitors, Dublin.

★

Mr Peter Kraushar, chairman of the KAE Group, has become chairman of its subsidiary, MINTEL PUBLICATIONS.

★

W. & F. C. BONHAM & SONS has appointed **Mr Michael Earp** to the newly-created post of deputy managing director.

★

DEVITT GROUP has appointed **Mr B. J. Philbrick** as managing director of Devitt (Life & Pensions), **Mr C. C. Tackling**, a director of Devitt (North America) and **Mr A. L. Gossage**, a director of Devitt (Energy).

★

Mr Michael Walker has been appointed managing director and **Mr Charles Chevasco** and **Mr Barry Holmes** assistant managing directors of BOVIS INTERNATIONAL, a P & O Group company.

★

Mr Jim Brooke has been appointed managing director of FERRYMASTERS, P & O Group's international haulier. He moves from P & O Roadways, where he was managing director. His successor at P & O Roadways is **Mr John Turner**, currently general manager—fleet, P & O Cruises. Mr Brooke takes over from **Mr Brian Rosier**, who is leaving to develop private business interests. The appointments are from November 1.

★

Mr Graeme Cox has been appointed production director of VIKING PACKAGING, a subsidiary of the Sevon Holdings Group. He was a production manager with Metal Box Flexible Packaging.

★

PORTMAN BUILDING SOCIETY has appointed **Mr Colin P. David** as a director. He is a senior partner with Spicer and Pegler.

★

Mr Les Taylor has been appointed managing director of the WADHAM STRINGER group of companies, part of Tozer Kemsley Millbourn (Holdings). He was managing director of Wadham Stringer Vehicles.

★

HOWDEN GROUP, Glasgow, has appointed **Mr Alan G. Maclachlan** as company secretary. He had been financial director of Howden Compressors, a group subsidiary.

★

Mr Andrew Hamilton, a director of HASLEMERE ESTATES. He will continue to purchase development and investment properties.

★

Managing director of THE NETWORKING CENTRE, a new company set up to establish local area network conformance testing to CSI standards, is to be **Mr Tony Rixon**, former "Vienna" product line manager with Northern Telecom.

★

The OCEAN GROUP has appointed **Mr John O'Shea** as managing director of its Cork-based subsidiary, Suttons, from January 1, 1986. He will succeed **Mr Patrick W. Barron**, who is retiring. Mr O'Shea is Sutton's director of energy and shipping.

★

S. W. TAYLOR & CO (HOLDINGS) has appointed **Mr Willem Van der Togt** as a director. Mr Van der Togt, who is managing director of Anchor Insurance Management of Rotterdam, has also been appointed a director of S. W. Taylor & Co, a broking subsidiary."

★

Mr Alan Feigenbaum has been appointed finance director of J. & J. FASHIONS.

Mr Eric Clark, managing director of Plessey Telecommunications and Office Systems is leaving to join the board of BICC, and to become managing director of BICC Cables from December 1. He will be succeeded by Mr David Dey who has joined PLESSEY from IBM Europe. Among the senior positions he has held with IBM are director of marketing — UK, area general manager — Africa and the Middle East, vice-president for quality — IBM Europe, and group director product management for IBM Europe based in New York.

Mr Peter Holt, a member of the TSB central board, a trustee of TSB England & Wales, and chairman of TSB Yorkshire Regional Board, has been appointed to the board of UDT HOLDINGS, a subsidiary company of the TSB Group. He is senior partner of the Sheffield-based firm of chartered surveyors Eadon Lockwood & Riddle. **Mr Geoffrey Hughes**, also a member of the TSB central board and chairman of TSB's eastern regional board, is appointed chairman of the regional chairmen's group of TSB.

★

INVESTORS IN INDUSTRY has appointed **Mr Neil Cross**, **Mr Ewen Macpherson** and **Mr Geoff Taylor** as assistant general managers. All are directors of 3i.

★

BURLINGTON SLATE, Coniston, has appointed group accountant **Mr Michael Colagiovanni** to the board as financial director, succeeding the late **Mr Ken Barnes**.

★

The SAPA HOLDINGS group, Cheltenham, has appointed **Mr Robin Greenslade** to its board. He is managing director of SAPA, the group's aluminium extrusion and finishing company. He is also a director of several other companies in the group. **Mr Peter Jones**, a director of SAPA Holdings, and **Mr Nigel Fuller**, sales director of SAPA, have resigned to pursue independent business activities.

Top jobs at Jardines

Mr Roger Davies has been appointed chairman and **Mr Martin Wakeley** managing director of Lloyd's broker JARDINE GLANVILL (UK), UK retail arme of the Jardine Insurance Brokers Group.

★

LANE, CLARK & PEACOCK actuaries, have admitted **Mr A. D. Mason** as a partner.

★

Mr Robin Packshaw has been appointed chairman of INTERNATIONAL CITY HOLDINGS, the new holding company for Charles Fulton and Prebon Money Brokers. **Mr Peter Saad** of New York has been appointed managing director and **Mr Ron Vallance** finance director.

NOTICE TO SHAREHOLDERS

REPUBLIC HOLDING S.A. LUXEMBOURG

(Formerly TRADE DEVELOPMENT BANK HOLDING S.A.)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Republic Holding S.A. ("RH") will be held at l'Hôtel le Royal, 12 Boulevard Royal, Luxembourg, **on October 29, 1985, at 2.30 p.m.** for the purpose of considering and voting on the following matters:

1 Decision to put Republic Holding S.A. in liquidation.
2 Appointment of Messrs. Jean Hoss, Roger Junod, C. G. Rodney Leach and Walter H. Weiner as Liquidators of Republic Holding S.A., each of them acting severally and individually.
3 Approval of the Liquidation Plan submitted by the Board of Directors.
4 Decision to maintain the Statutory Auditors' appointment in order to report on the Company's 1985 accounts to the Shareholders meeting to which the 1985 Financial Statements will be submitted for approval.
5 Miscellaneous.

By order of the Board,
Edmond J. Safra,
Chairman

NOTES

Any shareholder whose shares are in bearer form and who wishes to attend the Extraordinary General Meeting must produce a depositary receipt or present his share certificates to gain admission.

If he wishes to be represented at the meeting, he must lodge a proxy, duly completed, together with a depositary receipt at the registered office of RH at 13 Boulevard de la Foire, Luxembourg, not later than October 28, 1985 at 5 p.m. The shareholder may obtain the depositary receipt and if required, the form of proxy, from any of the banks listed below by lodging his share certificates at their office or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Extraordinary General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at RH's office in accordance with the above instructions. The remittance of the form of proxy will not preclude a shareholder from attending in person and voting at the meeting if he so desires.

The resolution concerning item 1 of the agenda requires a majority of at least two-thirds of the votes of the shareholders present or represented, provided there is a quorum of at least fifty per cent of issued share capital. There is no limitation as to the number of shares for which any shareholder or proxy may cast votes.

The resolutions concerning items 2 to 5 of the agenda may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one-fifth of the issued share capital or more than two-fifths of all shares represented at the meeting.

Shareholders may obtain copies of the documentation listed hereunder:
1 This notice
2 Statement of Mr Edmond J. Safra, Chairman of the Board and Liquidation Plan of the company.
3 Information statement on Republic New York Corporation

at the registered office and from any of the banks at the following addresses:

* **Manufacturers Hanover Limited**
8 Princes Street, London EC2P 2EN (England)
* **Banque Internationale à Luxembourg S.A.**
2 Boulevard Royal, Luxembourg (Luxembourg)
* **Manufacturers Hanover Bank Belgium**
13 Rue de Ligne, 1000 Brussels (Belgium)
* **Manufacturers Hanover Banque Nordique**
20 Rue de la Ville-l'Evêque, 75008 Paris (France)
* **Manufacturers Hanover Trust Company**
Bockenheimer Landstrasse 51/53, Frankfurt (W. Germany)
* **Manufacturers Hanover Trust Company**
40 Wall Street, New York, N.Y. 10015 (U.S.A.)
* **Republic National Bank of New York**
452 Fifth Avenue, New York, N.Y. 10018 (U.S.A.)
* **Republic National Bank of New York**
46 Berkeley Square, London W1X 5DB (England)
* **Republic National Bank of New York (Luxembourg) S.A.**
103 Grand Rue, 1661 Luxembourg (Luxembourg)
Republic National Bank of New York (France) S.A.
20 Place Vendôme, 75001 Paris (France)
* **Trade Development Bank**
30 Monument Street, London EC3R 8LH (England)
* **Trade Development Bank (Luxembourg) S.A.**
34 Avenue de la Porte Neuve, Luxembourg (Luxembourg)
Trade Development Bank
96-98 Rue du Rhône, 1204 Geneva (Switzerland)
Trade Development Bank
25 Corso S. Gottardo, 6830 Chiasso (Switzerland)

* Paying Agent of Republic Holding S.A.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers
8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord. ...	131	—	[illegible]	[illegible]	[illegible]	[illegible]
151	136	Ass. Brit. Ind. CULS...	137	—	[illegible]	[illegible]	[illegible]	[illegible]
77	43	Airsprung Group	56	—	[illegible]	[illegible]	[illegible]	[illegible]
46	28	Armitage and Rhodes...	46	—	[illegible]	[illegible]	[illegible]	[illegible]
159	108	Bardon Hill	156	−1	[illegible]	[illegible]	[illegible]	[illegible]
64	42	Bray Technologies	61	—	[illegible]	[illegible]	[illegible]	[illegible]
201	155	CCL Ordinary	155	—	[illegible]	[illegible]	[illegible]	[illegible]
152	104	CCL 11pc Conv. Pref....	104	—	[illegible]	[illegible]	[illegible]	[illegible]
130	10	Carborundum Ord. ...	127	−1	[illegible]	[illegible]	[illegible]	[illegible]
92	83	Carborundum 7.5pc Pf.	92	—	[illegible]	[illegible]	[illegible]	[illegible]
73	46	Deborah Services	49xd	−3	[illegible]	[illegible]	[illegible]	[illegible]
620	182	Frank Horsell	620	—	[illegible]	[illegible]	[illegible]	[illegible]
507	170	Frank Horsell Pr.Ord.87	507	—	[illegible]	[illegible]	[illegible]	[illegible]
32	21	Frederick Parker	21	—	[illegible]	[illegible]	[illegible]	[illegible]
83	33	George Blair	80	—	[illegible]	[illegible]	[illegible]	[illegible]
50	20	Ind. Precision Castings	30	+5	[illegible]	[illegible]	[illegible]	[illegible]
218	177	Isis Group	190	+1	[illegible]	[illegible]	[illegible]	[illegible]
124	101	Jackson Group	108	—	[illegible]	[illegible]	[illegible]	[illegible]
286	213	James Burrough	240	+2	[illegible]	[illegible]	[illegible]	[illegible]
94	83	James Burrough 9pcPf.	93	—	[illegible]	[illegible]	[illegible]	[illegible]
95	71	John Howard and Co.	87	—	[illegible]	[illegible]	[illegible]	[illegible]
225	100	Linguaphone Ord.	180	—	[illegible]	[illegible]	[illegible]	[illegible]
100	90	Linguaphone 10.5pc Pf.	90	—	[illegible]	[illegible]	[illegible]	[illegible]
650	300	Minihouse Holding NV	570xd	—	[illegible]	[illegible]	[illegible]	[illegible]
120	31	Robert Jenkins	80	—	[illegible]	[illegible]	[illegible]	[illegible]
60	28	Scruttons "A"	31	—	[illegible]	[illegible]	[illegible]	[illegible]
92	61	Torday and Carlisle ...	70	—	[illegible]	[illegible]	[illegible]	[illegible]
444	320	Trevian Holdings	320	—	[illegible]	[illegible]	[illegible]	[illegible]
34	17	Unilock Holdings	31	—	[illegible]	[illegible]	[illegible]	[illegible]
113	81	Walter Alexander	110	—	[illegible]	[illegible]	[illegible]	[illegible]
247	195	W. S. Yeates	189	—	[illegible]	[illegible]	[illegible]	[illegible]

Prices and details of services now available on Prestel, page 48146

BUSINESS LAW

Disputes: keep within your budget

By A. H. HERMANN, Legal Correspondent

This is the fourth in a two-week series on the resolution of business disputes. The concluding article will appear tomorrow.

THE FIRST article in this series was about how to avoid disputes; the second about litigation and the third about arbitration. Litigation and arbitration going beyond the mere determination of facts and quality of goods or services—for example, when involving the interpretation of a contract or other legal issues—are enormously expensive. Before going on to discuss other methods of dispute resolution, one may as well pause a little to consider ways and means of reducing the legal costs.

The first thing, of course, is to attempt a settlement. Indeed, the great majority of legal proceedings never come to trial. Even so, the cost may be very high—and irrecoverable. Such costs can be avoided, or at least kept within reasonable limits by refusing to be involved in legal issues at an early stage of the dispute. Solicitors love to impress their clients and to frighten the other party by starting their letters, "We are advised by leading counsel."

Do not be impressed or frightened. The two leading counsels on either side of the dispute tend to have opposed views about the rights of the case—and one of them is bound to be wrong. It may happen that both are proved wrong by the judge. Before getting entangled in the legal web, one should seek a businesslike solution, keeping in mind that second-best achieved by agreement is better than the best resulting from litigation.

When behind the wheel of a car, most business executives behave reasonably and give way rather than be killed while insisting on their rights. Behind their desks, however, they can be led into ruining their business by unsuccessful litigation.

Lawyers being only human, they cannot be expected to put over the entrance of their door a big warning: "You can lose even if you win." For this reason, it may pay to turn first to a wise man who can neither gain nor lose by the advice he gives you. This may be a person with business experience, an arbitrator, a retired judge perchance, or even a practising lawyer, as long as it is made clear to him that he will not be asked to represent you in any litigation or arbitration.

In a big company, with its own legal department, it should be the task of the in-house lawyer to assess the likely outcome of litigation against the expected legal costs and business. Under the heading of business costs include not only managerial time but, in the first place, the likely disruption of business relations with the other party to the dispute and with third parties who may be deterred from doing business with someone who appears to be unnecessarily litigious.

In short: to act "on legal advice" may safeguard your legal position but still be bad for business. In the end, the executive has to make his own decision, bearing in mind that only part of the legal costs and none of the business costs can be recovered in successful litigation or arbitration.

If all other avenues seem to be closed and litigation becomes inevitable, one should apply to it the ordinary criteria of cost-effectiveness. Are the solicitors normally looking after your company affairs also the best to handle litigation? They know you and your business better off basis. On the other hand, they may not have the expertise and will be running to counsel with every single letter, causing delays and costs.

Different criteria apply to the choice of counsel. Some solicitors tend to go for "the best," that is the most expensive they think you can afford. This may not be good for you. If the legal issues are fairly simple, there is no need to pay the astronomical fees commanded by the leaders of the profession. A less famous barrister, whose diary is not so overcrowded, will be able to give your affairs more thought and bring the litigation faster to a conclusion.

Whoever you choose as your lawyers, try to subject them to budget discipline. "No cost spared to win" may be an expression of grandeur, or of a rather vulnerable ego, but it transgresses the fiduciary duties of a company director. When planning a legal action with your solicitors, ask for a list of persons who will be involved, the time they are likely to spend on your case, and the rate at which their fees are calculated. Insist on a budget for the separate stages: pre-trial, trial and appeal. Treat litigation as any other speculative venture—set to the risk a limit beyond which you will not go, and on the reaching of which you are prepared to cut your losses. If you are refused a budget, try another law firm.

Arbitration involving legal issues and taking place in England is now often more expensive than litigation. The possibility of an appeal to the Commercial Court makes the lawyers view it as a rehearsal for a court trial. While the solicitors are inclined to leave no stone unturned (including most of the wrong ones), barristers cannot resist the charm of their own voice and arbitration is soon turned into a wigless litigation. Why should it be more expensive? Not only because you have to pay the arbitrator while the judge is paid by the taxpayer; an even more important cost factor may be the arbitrator's inability to keep the lawyers in check with the same authority as a High Court judge. He must fear that by prodding the solicitors too much, and by cutting counsel's speeches, he will displease those on whom he depends for future references.

Acting on legal advice and thus resorting to litigation may be bad for business. But if you go to arbitration, agree with the other party that there will be no appeal.

The 1979 Arbitration Act opened the possibility of returning arbitration to what it originally was — a common-sense resolution of a dispute by one, two or three experienced and impartial businessmen. It enables the parties to agree, after the arbitration started that there should be no appeal to the court on issues of law. And in the case of international arbitration (other than maritime, insurance and commodities arbitration) such an exclusion agreement can be made earlier and can be made part of the arbitration clause.

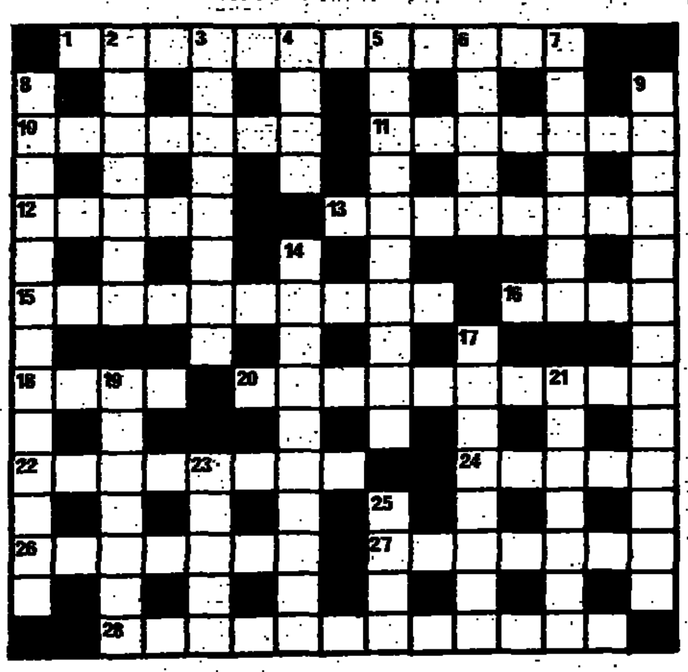
An agreement excluding appeal on issues of law will still allow a judicial view on grounds of the arbitrator's "misconduct" — if he exceeds his jurisdiction or denies one of the parties a fair hearing, for example — but it will allow the arbitrators or the arbitration tribunal to make an award in accordance with what is felt to be fair, even if it does not correspond strictly to the law.

The protagonists of judicial review of awards argue that an exclusion agreement "degrades" arbitration to conciliation. It does not, as the award remains binding and enforceable. They also argue that it deprives the contract of certainty as the contract ceases to be binding if the arbitrator can ignore the strict rules of the law and modify it in accordance with equity and his conscience.

These fears are misplaced. Contradictory decisions by the courts constitute a greater danger to legal certainty than do arbitrators. The long, drawn-out battle between the Commercial Court and the superior courts over the application of the 1979 Act is the best example. Judges also feel sometimes obliged, "with great regret," to hand down judgments which they consider unjust or even absurd. Far from assuring uniformity of decisions, judges differ rather frequently. Three different answers were recently given by the Commercial Court to the question whether insurance contracts made by an unauthorised insurer are binding on him.

No businessman, sitting as an arbitrator, will have any doubt how to answer such questions if he is free to be guided by his sense of justice. To give him such freedom by excluding the possibility of appeal on issues of law, will not only reduce the costs but also lead to a more satisfactory award.

F.T. CROSSWORD PUZZLE No. 5,841



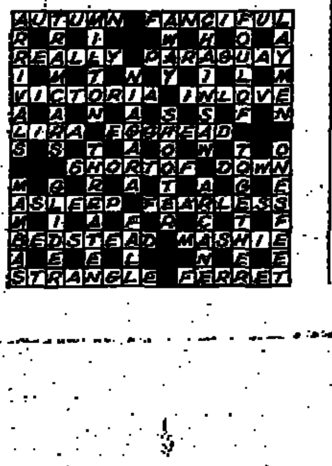
ACROSS

1 Lad warns about disturbing flak before conflict (9, 3)
10 Right a double vice marshal for greed (7)
11 Desert, sailor and no going back (7)
12 Twisted heel about for blood-letting (5)
13 Guards train for battle (8)
15 Find shelter mount battle (6, 4)
16 Censor communications when the tide turns (4)
18 Measures electricity for the Queen (4)
20 Desert a post to a different site (10)
22 Long running battle (8)
24 Hit and run takes two (5)
26 Fluff driving but under par nonetheless (3, 4)
27 Not particular who conducts battle (7)
28 Posing in poised affray for the enemy (8, 4)

DOWN

2 The French met my German after a battle (7)
3 Return of French after soldier was honoured (8)
4 A retreat in the middle east (4)
5 Doctor meets a mother about girl in RADA (5, 5)
6 Work looms if we go before a victory (5)
7 Caught by a fusillade, a right fiddle diddle (7)
8 Childish errors means pistils at dawn (5, 8)
9 Nuclear war in Antarctica (3, 2, 3, 5)
14 Collections for weapon and ammunition (4-6)
17 Disturbed nights as battle waged (8)
19 Girl holds French in battle (7)
21 Overlooked eroding winds (7)
23 Soldiers march (5)
25 Opposing Irish or Scots from Agincourt (4)

Solution to Puzzle No. 5,840



CONTRACTS

Power supply for North Sea platform

MATTHEW HALL ENGINEERING (SCOTLAND) has been awarded a project management contract by Britoil for the imported power project for the Beatrice Field in Block 11/30. The contract, worth over £10m, covers design, detailed engineering, procurement, fabrication, installation, hook-up and commissioning, and involves provision of a 33 KV power supply from the national grid via subsea cable to the platform. The design stage is due for completion in 1986. The facilities are expected to be operational by the end of that year.

★

UNIVERSAL PIPE COATERS, Immingham, has won a £4m contract to carry out anti-corrosion and concrete weight coatings on about 105 km (65 miles) of line pipe for a new gas pipeline to be installed in the Thames estuary. The contract was awarded by Saipem UK which was commissioned by Atlantic Richfield (Arco) to design and lay the new pipeline. Universal Pipe Coaters, a company jointly owned by Associated British Ports Holdings and Humberside Sea and Land Services (itself jointly owned by Powell Duffryn and Interdom Holdings), will begin work on the contract in November, and expects to have it completed by February 1986.

★

BALFOUR BEATTY CONSTRUCTION has been awarded a contract valued at over £1.8m for repairs and resurfacing to the M62 between junctions 7 and 9. The contract, placed by Merseyside County Council, is for completion by early December.

Balfour Beatty Building has been awarded a third contract for work at Aintree, following construction of a new stand and refurbishment of fire damage earlier this year. This contract, valued at £882,000, involves general structural and environmental improvements including stripping and rebuilding the main stand roof. The contract is to be completed by the end of March 1986 in time for the Grand National.

★

Contracts worth more than £3m have been awarded to WILLIAM TAWSE, a member of the Aberdeen Construction Group. Included is an order placed by the Western Isles Islands Council for reconstruction of the Braighe sea wall, Stornoway. The year-long contract, worth about £894,000, involves reconstructing 900 metres of sea wall with sheet piling and reinforced concrete facing to protect the Stornoway to Point road. The council has also awarded Tawse a year-long contract worth about £484,000 for reconstruction of about 2 kms of road, with associated drainage and ancillary works, between Stornoway and Uig.

Work awarded in the Aberdeen area includes: a contract worth almost £727,000 for site preparation, involving bulk excavation, drainage and associated roadworks in connection with the proposed Asda Supermarket at Portlethen; a contract worth about £600,000, awarded by Grampian Regional Council for laying 9.5 km of water main between reservoirs at Fernhill and Pitfodels, with construction of miscellaneous reservoir works, and scheduled to take about a year to complete; and a British Airports Authority contract worth almost £190,000 for reconstruction in reinforced concrete of the east apron at Aberdeen Airport. Tawse has also been awarded a contract, valued at almost £209,000, by SAI for the construction of a 700 mm dia outfall pipeline 300 metres long on the foreshore from its Leith works.

★

Orders worth about £5.5m have been awarded to TARMAC. The largest, at about £3m, is for a service area on the A34 at Sutton Scotney, Hampshire, for Trust House Forte (UK). It is scheduled for completion in eight months. In Glasgow, a £548,000 contract has been awarded for water, gas and drainage mains at Lennox Castle Hospital, Lennoxtown, by the Greater Glasgow Health Board. Other projects include providing additional office accommodation in an existing building at Blakelands North, Milton Keynes, for Milton Keynes Development Corporation (£332,000) and a service reservoir at Heywood, Lancashire, for North West Water Authority (306,000). Two contracts have been won for work on local authority homes—modernising and repairing 64 homes in Coleman Road, Leicester, for Leicester City Council (£799,000) improving 16 homes at Witney, Oxfordshire, for West Oxford District Council (£214,000) and roofing repairs to 64 homes at Old Heath, Wolverhampton, for Wolverhampton Borough Council (£212,000).

★

A £500,000 contract for the construction of storm overflow works near Pontefract, West Yorkshire, has been awarded to TAYLOR WOODROW CONSTRUCTION (Northern), of Darlington, by Yorkshire Water. Work, which is due for completion in September 1986, involves building a storm overflow system at Bondgate, two kilometres north-east of Pontefract. This entails stream diversion works, embankments, a retaining wall, footpaths and landscaping as well as 400 metres of concrete pipework, ducts, manholes and associated works. Inlet works will also be built at Sowgate Lane Pumping Station including an outfall bay, pipework, electricity substation, road and fencing.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	133.1	139.7	—	10.03
High Inc Equity	72.8	77.4	−0.1	6.40
Worldwide Bond	151.7	162.4	−0.6	5.97
Capital Growth				
American Growth	124.4	132.9	−0.5	3.02
Asian Pacific	44.9	48.4	+0.9	2.57
Assets & Erngs. Tt.	77.2	82.6	+0.2	2.80
Capital Reserve	60.2	64.5	—	—
Commodity & Engy	67.9	73.0	+0.5	2.60
European Capital	54.1	57.5	−0.4	2.61
General	113.4	121.3	—	3.50
Japan	159.1	163.6	−1.2	—
UK Growth Acc. Units	106.2	114.2	+0.7	—
UK Growth Dist	74.2	79.8	+0.5	1.92
U.S. Emerging Co's	49.4	52.7	+0.2	0.90
Equitas Prog	160.4	171.5	+0.3	3.09

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6626

	Bid Price	Offer Price	+ or −	Yield Gross
American Tech Fd	92.0	98.5	+0.5	—
Pacific Fd	115.0	123.0	+0.2	0.20
[illegible] Income Fd	243.6	252.5	—	3.50
Special Sits	155.4	166.5	−2.0	1.56
Energy Fd	28.3	30.2	+0.1	0.60
American Majors	53.1	56.8	+0.1	1.56
Small Co's Fd (10for1)	29.7	31.7	+0.2	1.97
Jap. Technology	53.8	57.5	+0.4	0.10
International Income	50.4	53.9	—	7.00
Exempt	439.5	470.6	—	—

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	63.8	67.9		3.22
Accum Units	94.2	100.4		3.22
Pearl Inc.	88.9	94.6xd	+0.1	5.20
Pearl Unit Tst.	94.3	100.3	+0.2	4.09
(Accum. Units)	159.4	160.6	+0.1	4.09

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	189.1	202.9	+0.3	1.95
Income	189.1	151.6xd	+0.1	5.34
Worldwide Recovery	103.7	111.5	−0.5	2.75
American Growth	52.2	56.0		1.13
Intl Emerging Cos.	57.8	62.1	−0.1	0.75
Far East Growth Fd.	49.3	52.9		1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	109.8	117.6xd	−1.8	0.24
Prolific Extra Inc.	62.3	66.3xd	−0.3	6.06
Prolific Gilt Cap.	84.0	87.4	−0.1	3.15
Prolific High Inc.	135.5	144.2		5.16
Prolific Intl.	81.9	87.8xd	+0.3	1.81
Prolific N. Amer.	106.9	114.5xd	+0.1	2.67
Prolific Spec. Sits.	148.1	157.5	+0.5	1.50
Prolific Technology	93.6	100.3	−0.2	0.92

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	53.0	56.1	−0.5	—
Worldwide	49.0	51.9	+0.1	1.90
European Trust	55.9	59.2	−0.4	2.01
North American	45.0	47.7		2.54
UK Equity	51.6	54.7	+0.1	3.88

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst.	320.9	341.3xd	+0.1	3.77
Holborn European Trust	47.7	50.7	−0.2	1.08
Holborn Gilt Tst.	158.3	165.9	−0.4	8.62
Holborn High Inc.	56.0	59.5xd	+0.1	7.43
Holborn Intl Growth	62.0	65.9	+0.4	0.49
Holborn Japanese Trust	48.4	51.4	−0.3	0.06
Holborn N. Amer. Trust	47.7	50.7	+0.2	2.77
Holborn UK Growth	64.4	68.5	—	3.36

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	327.8	348.8xd	—	3.62
Quadrant Income	182.2	193.9		5.86
Quadrant Intl. Fund	288.6	303.8	+0.9	1.58
Quadrant Recovery	200.8	213.7xd	—	2.69

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NY 01-628 6011

Wellington Inc.	51.4	54.7xd	—	6.00
Wellington Growth	111.0	118.1xd	—	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	130.7	140.6xd	+0.3	4.39
Reliance Unit Tst (Inc)	84.9	90.7xd	+0.1	4.39
Reliance Ut Tst (Acc)	111.3	118.9	+0.1	4.39

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	91.3	97.4	..	6.72
International UT	208.4	222.8	..	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	210.0	223.0	+0.7	1.49
NC America (Acc)	226.0	237.8	+0.6	1.49
NC Engy Res. Tst	152.3	160.3xd	+0.5	2.45
NC Inc Fd.	71.2	74.9	+0.1	4.70
NC Japan Fund	111.1	116.9	−0.2	0.02
NC Smaller Cos	110.1	115.8xd	+0.4	2.05
NC Smaller European	107.8	113.4	−1.1	0.78
NC Ex Gilt Tst Oct 1	£120.00	£125	—	7.0
NC American Prop*	$11.21	11.80xd	—	—
NC Prop.*	179.1	196.8	—	—

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

American Oct 3	180.5	184.5	—	2.36
Securities Oct 1	540.0	559.0	—	3.01
High Yield Oct 4	135.5	139.0	—	6.42
Merlin Sept 25	257.0	265.0	—	2.24

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	87.5	93.1	+0.1	1.36
Do. Accum.	91.0	96.9	+0.1	1.36
TSB Extra Income	84.0	89.4xd	+0.1	6.54
Do Accum.	96.7	102.9	+0.1	6.54
TSB General	121.5	129.2	+0.1	3.40
Do. Accum.	196.8	209.3	+0.1	3.40
TSB Gilt & Fxd Int.	48.0	50.0		9.18
Do Accum.	59.0	61.5		9.18
TSB Income	168.6	179.2	−0.1	5.00
Do Accum	254.0	270.3	−0.1	5.00
TSB Pacific	106.6	113.5	−0.6	0.71
Do. Accum.	109.4	116.4	−0.6	0.71
TSB International	229.3	244.0	−0.5	2.05
Do. Accum	279.1	297.0	−0.6	2.05
TSB Natural Resources	43.2	36.0xd	−0.2	2.14
Do. Accum	44.0	46.9	−0.2	2.14
TSB Sited. Opps.	47.1	50.2xd	−0.1	2.45
Do. Accum	51.3	54.6	−0.1	2.45

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Small Co's Fund	66.1	69.6	—	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	61.0	65.2	−0.8	0.46
Australia	30.0	32.0	−0.2	0.10
Commodity	82.0	88.2	−0.5	1.94
Energy	38.5	41.5	−0.5	0.33
Equity	102.5	109.3	−0.2	3.89
European Spec. Sits.	58.7	62.8	+0.4	0.71
Extra Income	91.4	97.8xd	−0.2	7.54
Financial	204.4	218.0xd		2.31
Gilt Capital	227.0	237.7	+0.1	1.25
Gilt Income	101.8	106.6	..	8.39
Gold Income	57.1	61.1		1.62
Gold Acc.	103.2	110.4		5.32
Income	62.7	67.4xd		5.75
Japan	49.7	53.0	−0.6	0.10
Malaysia & Singapore	23.0	24.5	−0.4	0.82
Pacific Income	64.7	69.2xd	+0.2	0.47
Pacific Re Inv	79.4	84.9	+0.3	0.47
Preference Share	15.9	17.2xd	...	10.12
Professional	497.2	530.3	−0.5	2.07
Special Sits	78.1	83.4	−0.5	1.00
Technology	35.8	38.3	−1.2	0.30
U.S. Special Bond	46.4	49.6xd	−0.1	6.69
Worldwide Capital	109.0	116.3	−0.9	1.72
Equity Exempt Oct 1	627.8	669.7		2.33
Equity Ex Acc Oct 1	1154.1	1231.0		2.33

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 442, 32 St Mary-at-Hill, EC3. 01-623 9333

Electra Small Cos. Fd.	125.56	132.47	—	4.07
High Income	42.9	46.0	—	6.95
North American	94.7	100.7xd	—	1.07
Recovery	136.0	144.7	—	3.46
Gilt Trust	38.5	39.9	—	9.41
St Vincent U.S. Gwth	59.0	61.5	—	1.02
St. Vincent High Inc.	67.3	69.4	—	6.43

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	25.5	27.5xd	−0.1	0.94
TR General Growth	41.3	44.5	+0.1	3.29
TR Global Tech.	26.9	28.7		0.10
TR Income Growth	46.3	49.8	+0.2	5.25
TR Income Monthly	39.6	42.2	+0.1	7.50
TR Japan Growth	—	25.0	—	0.18
TR Overseas Growth	31.3	33.3		1.73
TR Smaller Cos.	43.9	46.7xd	+0.1	2.29
TR Special Ops.	46.1	49.6	+0.4	2.09

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT Sept. 1	130.8	137.7xd	—	3.93

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford 0245-51651

Colmeco Sept 27	352.6	369.0	—	4.47
(Accum. Units)	575.1	601.8	—	4.47
Fielding Fd Oct 3	196.9	207.3	—	3.94
(Accum. Units)	213.8	225.1	—	3.94
Fielding Inc Oct 3	137.0	144.3	—	5.92
Fielding AM&Gen Oct 3	183.8	193.5	—	1.56
(Accum. Units)	206.6	217.5	—	1.56
S&W American Oct 2	122.4	129.0	—	1.91

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

S.G. Warburg & Co. Ltd. and subsidiaries
33, King William St., EC4R 9AS. 01-280 2222

Energy Oct 4	$52.38		−0.33	—
Merc Eurobond Sept 25	$19.40	19.59	...	6.13
Select Risk Sept 26	$23.52	23.91	...	1.46

39-41 Broad Street, St. Helier, Jsy. CI 0534 74715

Merc Comm Oct 1	$34.40	38.27	...	1.60
Merc Trans Oct 4	$25.63	26.28	−0.06	2.32
Metal Tst Oct 3	$11.76	12.09	−0.22	9.63
Merc Selec Mkt Oct 3	$24.22	24.04	+0.98	1.01

Mercury Far Eastern Trust Ltd.

Japan Fund Oct 2	$25.79	27.09	—	1.29
Pacific Fund Oct 2	$23.91	25.12	—	1.43

Mercury Money Market Trust Ltd (a)

£ Managed	9.35	9.85	+0.01	—
U.S. $ Managed	18.96	19.97	+0.05	—
£ Sterling		21.90	+0.01	—
U.S. $		36.13	+0.01	—
D-Mark		82.35	+0.01	—
Yen		8.362	...	—
Dutch Guilder		111.54	—	—
Swiss Franc		79.85	...	—

For further prices ring Dealers 0534 74715

1 Thomas St., Douglas, Isle of Man 0624 74854

Merc IoM Fnd 38	62.6	66.6	+0.1	7.7
Merc Intnl. Bond	42.5	45.3	+0.1	7.2

Wardley Fund Managers (Jersey) Ltd.
HK Bk. Bldg., Grenville St. St Helier 0534 71460

Wardley Gilt Fund	99.0	103.0xd	...	10.19

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong

Wardley Trust	$6.29	6.63	...	0.49
Wardley Nikko As. Fd.	$31.52	33.43	—	3.95
Wardley Bond Trust	$11.62	12.30	...	4.96
Wardley Japan Trust	$39.47	41.85	...	0.05
Wardley Prv Cap Tst	$11.60	12.28	...	1.14

WestAvon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Option Fd.	£1.23	1.29	...	5.00
US$ Option	$1.02	1.08	..	—
High Income	93.0	98.0	—	15.00
International Growth	43.8	46.6	...	2.5
Japan Fund	42.4	45.0	...	0.50

World Bond Fund
Managers: P.O. Box 190, St Helier, Jersey. 0534 74715

World Bond Fd NAV	$10.5253	...	—

Inv. Ad. Warburg Inv. Mangt. London

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$12.77	+0.11	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$13.30	−0.04	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$10.46	+0.07	—
Dynamic Gwth Fd.	$9.48	+0.14	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.30		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.65	8.71	12.93	Mth
7-day Fnd	11.58	8.66	12.85	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.71	8.79	12.89	6-Mth
7-day Fund	11.20	8.37	12.32	6-Mth
Dollar	6.81	—	6.95	6-Mth
Money Mngt. Acct.	11.00	8.22	11.74	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc	11.25	8.00	11.93	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.25	8.41	12.98	Qtr
Mth. Int. Chq.	11.125	8.32	12.56	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	2.50	2.50	2.52	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus	—	9.57	14.28	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.22	12.18	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.32	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.380	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Chesterfield) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.89	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.20	8.37	12.51	Qtr
Money Acc.	11.03	8.25	12.31	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.10	8.30	12.50	Mth
Over £10,000	11.35	8.49	12.80	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc.	11.69	8.74	12.90	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp.	27	NEI	10
BSR	9	Nat West Bk.	55
BTR	33	P & O Dfd.	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Debenhams	32	**Property**	
Distillers	36	Brit Land	14
FNFC	12	Cap Counties	20
Gen Accident	55	Land Secs.	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met.	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	68	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd.	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Soviets not likely to buy more wheat from France

PARIS — The Soviet Union will purchase no more French wheat before the end of this year, according to M Jean Baptiste Doumeng, chairman of Interagra, the leading French exporter of grain to the Soviets.

A large Soviet harvest this year has reduced the country's import requirements, he said.

M Doumeng was speaking at the end of last weke's official visit to France by Mr Mikhail Gorbachev, the Soviet leader.

Soviet purchases of French wheat totalled 5.5m tonnes in the year ended July 31, figures from the French national grains intervention office, ONIC, showed.

French Trade Ministry officials said Mr Gorbachev was told during his visit that France wants a substantial increase in grain exports to the Soviet Union over the coming year to redress a widening overall trade deficit.

France had a FFr 5.2bn trade deficit with the Soviet Union in 1984, up from 4.3bn in 1983.

Trade Ministry officials said large grain shipments to the Soviet Union in the first six months of this year briefly brought trade almost into balance.

But since June French grain exports have dried up and the trade deficit, fuelled by rising imports of Soviet oil and gas, has been rising again at more than FFr 1bn a month, with no improvement in sight.

But the size ofthe 1985 Soviet wheat harvest has put a question mark over its likely purchases from this year's French crop.

According to U.S. Agricultural Department estimates last month the Soviet wheat harvest this year will reach about 83m tonnes, 10m more than last year and 4m more than in 1983.

● France is to provide FFr 500m worth of soft loans and compensation and defer social security payments to aid farmers affected by the country's worst drought since 1976, M Henri Nallet, the Agriculture Minister, said yesterday.

He ruled out a special drought tax, saying the Government would finance relief from its current budget.

He said the Government would also reschedule repayments falling due in the fourth quarter of 1985 and the first quarter of 1986 on loans from Credit Agricole, the state-owned bank, to some farmers in the worst-hit areas.

Reuter

Canada short of high grade grain

BY DIANA SMITH IN LISBON

UNUSUALLY COOL, wet weather on the prairies has severely damaged Canada's spring wheat crop in the past few weeks.

A spokesman for the Canadian Wheat Board in Winnipeg said that "there's definitely going to be a shortage of high grade, high protein wheat." The Board has stopped taking orders for high grade wheat from Canadian millers, and expects exports of the two highest grades, mainly to Japan, the Soviet Union and Britain, to decline sharply this season.

Canada is the second largest wheat exporter after the U.S., accounting for more than a fifth of world shipments. Statistics Canada said in its latest crop forecast, published last Friday, that the country's wheat harvest will rise by 4.8 per cent this year to 22.2m tonnes. Spring wheat is expected to account for 18.7m tonnes but according to estimates by the Saskatchewan Wheat Pool, only 23 per cent of this year's harvest in the province will be number one grade, compared with an average of 60 per cent in the past five years.

A grain trader in Winnipeg said the damage was heaviest in Manitoba and northern areas of Saskatchewan and Alberta. The wet conditions have made harvesting difficult. Although harvesting has normally been completed by this time of year, about two-thirds of this year's crop is estimated to be still in the fields.

Export prices have risen markedly in the past month or two, with the Wheat Board currently quoting number one red spring wheat, the highest grade, at around C$250 (£130) a tonne at St. Lawrence ports, up from C$20 a tonne in early August.

Nicaragua prepares for annual coffee battle

BY TIM COONE IN MANAGUA

THE NICARAGUAN Government and the country's coffee-growers are gearing themselves up for their annual battle for the coffee harvest. Coffee accounts for some 30 to 35 per cent of Nicaragua's total export earnings and from November to February for the past two years the harvest has been a target of U.S.-backed rightist guerrillas with the aim of disrupting the economy and undermining the left-wing Sandinista Government.

According to the agriculture minister, Sr Jaime Wheelock, a harvest of 1.1m quitales is expected this year (1 quintal equals 100 lbs).

Growers' prices and pickers' wages are being increased to stimulate production. Dollar incentives are also to be paid to growers, who will get $5 per quital of export quality beans as an added incentive to ensure all the crop is harvested.

The coffee harvest each year has become an enormous logistical and militar operation. Some 20,000 students and Government office workers are to be mobilised to form special coffee picking brigades from November onwards to make up for the labour shortage which has plagued the harvest for the past six years. About 500 trucks and assorted vehicles are being specially imported, along with thousands of tyres and spare parts to avoid the repetition of the transport bottlenecks which contributed considerably to last year's harvest losses. Government officials are also trying to ensure sufficient food supplies reach the plantations to feed the thousands of extra workers needed during the harvest.

Most critical of all, the army has begun planning its military operations to provide adequate protection to the plantations and pickers during the harvest. Although the guerrillas last year did not succeed in overrunning any plantations during the harvest, they nonetheless burnt down a number of processing plants, and prevented the harvest from taking place along some parts of the frontier with Honduras. This year the guerrillas have $27m in financial aid from the U.S. Congress to boost their offensive capability.

The final figure for the harvest last year is thought to have been oonly 900,000 quintales, although official Government figures put it considerably been as high as 1.4m quintales.

Ivory Coast indicates cocoa crop reduction

THE IVORY Coast's 1985/86 cocoa crop is likely to be below last year's figures published by the Ivorian Chamber of Commerce suggests, reports Reuter.

The Chamber puts the main crop at between 450,000 and 470,000 tonnes. It gives no comparison with 1984-85, but adding a typical mid-crop of around 50,000 tonnes would still give a total significantly below last year's estimated by London dealer Gill and Duffus at around 545,000 tonnes.

The prospective harvest total is still regarded by the Chamber as good, however, while 1984/85 output is described as "impressive."

The Ivorian coffee crop will be similar to last year's 270,000 tonnes, the Chamber forecasts.

● THE 1985 potato crop in the Netherlands is expected to total 4.39m tonnes, nearly 11 per cent up on last year's, according to official estimates released yesterday. London traders said the prospect of a large Dutch surplus has dampened expectations of a shortage of good quality potatoes in the UK.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)
Aluminium	+5,750 to 197,025
Copper	−1,450 to 205,600
Lead	+100 to 34,525
Nickel	+1,242 to 6,084
Tin	+1,160 to 35,420
Zinc	+125 to 33,400
	(ounces)
Silver	+90,000 to 55,068,000

● REFINED LEAD and zinc production in non-Socialist countries between January and August this year was higher at 2.685m and 3.274m tonnes respectively compared with 2.631m and 3.237m in the same period of 1984, latest figures from the International Lead and Zinc Study Group show.

This followed August output of 325,000 tonnes of lead and 392,000 of zinc.

Lead mine output of 198,000 tonnes in August took the 1985 total so far to 1.648m, compared with 1.559m in the same period of 1984. The August figure for zinc was 411,000 tonnes taking the 1985 total to 3.375m (3.339m in January/August 1984).

● TEA PRICES were unchanged overall at yesterday's weekly London auction with quality grade unquoted, medium at 143p a kilo and low medium at 108p a kilo. The 26,855 packages up for sale included the first new season Bangladesh offerings, for which demand was "only fair," according to the Tea Brokers' Association. Best and good medium East African teas were up to 5p a kilo dearer, the association said, while the market for Central Africans was more selective. Demand was "fair" and prices firm for the small quantity of Ceylon teas on offer. Offshore teas, of which 1,200 packages were offered, were well supported at steady prices.

Further oil futures contracts planned

BY ANDREW GOWERS

LONDON'S INTERNATIONAL Petroleum Exchange hopes to get two further oil product contracts off the ground next year, following the launch of its revamped crude oil index futures contract planned for the beginning of next month.

Mr Michael Bowers, the Exchange's chief executive, said yesterday that a futures contract for gasoline and one for heavy fuel oil of bunker quality would be discussed with members over the next few months, with a view to a 1986 launch.

The IPE's plan is to offer traders a full range of hedging possibilities, involving both futures and traded options, for oil and oil products. It hopes this will boost overall trading volume, as it has done on the New York Mercantile Exchange.

Provisional drafts have been produced for both the gasoline and the so-called residual products contracts. Both would allow physical delivery at Rotterdam, like the IPE's one present contract, is gas oil futures.

Volume is gas oil has been generally depressed, although it has picked up in the past few weeks. The Exchange also had trouble with its first attempt at a crude oil futures contract, which had to be scrapped owing to delivery problems.

Summer clouds, fleecy linings

Farmer's viewpoint: by **John Cherrington**

AFTER THE horrible summer we have endured it is nice to be able to report something good about the weather. The constant summer rain followed by September warmth has produced a flush of grass which is of surprisingly good quality for the time of year.

In general grass is at its best in the spring, when the plant is putting its best endeavours into growing to maturity. In April, May and early June grazing animals thrive and the silago and hay made them have good feed values. Later cuts and grazings, although ample in quantity, are seldom so productive.

No one, as far as I know, has been able to isolate and measure this feed value element. It is simply an accepted fact of farming life. But for a change this year's late pastures are proving a boon to the sheep farmer, of which I am happy to take advantage. This is because the ewes have improved daily in fitness and when I introduced the rams on October 1 they were in tip top condition for mating.

The term used here is "flushing" the ewes. It means having them on improving feed for some weeks prior to mating. Farmers used to be advised to save pastures for this as the theory was that ewes in this condition ovulated more freely and so produced more twins and triplets. It used to be thought that it was essential to have lush grass for this. But recent work in New Zealand seems to indicate that an increase in weight prior to mating was the determing factor in the numbers born and not the lushness of the feed itself.

I have always been a little sceptical of the flushing theory and I think it much more likely that the New Zealanders are right. To my mind the breed of the ewe has much more influence on numbers than the feed provided, and I have never noticed much difference in the number born after different feed conditions at the time of mating.

However, whether or not there is anything in it, my ewes have got off to a fabulous start. I have never seen them looking so well. I turned the rams in on October 1, aiming to begin lambing about March.

It is impossible accurately to determine lambing dates. Lambs will start to arrive anything up to a week before the due date or a few days afterwards. Nor are all the ewes in the mood to mate at the same time. Ewes come into season at 17-day intervals. So it will not be until October 17 that the first cycle of matings will be completed.

As a guide for lambing management each ram has a marking stick attached so that the shepherd can tell which ewes have been mated. I have the marks changed in colour after 9 days and then after 18. After the 18th day ewes marked could well have been mated once and failed to conceive but will have another chance. Once the mating period is over, in my case 51 days, the ewes are marked again and separated into flocks according to their expected lambing dates.

Of course this is a fairly rough and ready system of management but it is a good guide to providing the feed of the flock according to the stage of pregnancy.

This is an important point. For the first three months the embryos do not put too much strain on the ewe's metabolism but after that there is an increasing demand, especially if the ewe is carrying twins or triplets.

This means supplementary feeding as the grass at that time—January and February—is usually low in feed value or even under snow. Even good hay will not provide enough but oats or a compound feed will both help to grow the lamb and get the ewe in milk without too much strain on her constitution. It is rather an inexact science as a ewe carrying twins or a triplet obviously needs more feed than one with a single.

It is now possible to have the ewes scanned half way through pregnancy so that those proved barren can be disposed of and those carrying multiple embryos can be sorted out and given better feed than those with singles. I have not tried this system myself yet but if it proves accurate it should be a valuable aid to management.

One of the problems of lambing a large flock — mine has about 1,100 ewes — is that the bulk of them can conceive in a very few days. Last time 800 were due to lamb in one week and this completely overwhelmed my shepherds. I employ extra help at lambing. But even so, the logistics of managing this number made for a very stressful time.

So this autumn I have kept the younger ewes, the first lambers, separate and will mate them after the first cycle is completed. This will have the disadvantage of prolonging the lambing period, but should make it easier to manage this category of ewe, which is always difficult, as the shepherd should be able to give them his concentrated attention.

I have added one further complication. Every year I buy in replacements in the shape of ewe lambs about six months old which I grow on to join the flock the following year. At the sales this year the lambs of the cross I prefer were very dear indeed, but I have to keep up my flock numbers, so to cheapen my replacement cost I bought lambs of a slightly different cross from the fashionable one I have used up until now. Even so, they were dear enough, so I have decided to mate the biggest of them so that they will earn me the return from a lamb rather than just the wool for a year's keep.

I have done this before, and apart from needing extra feeding they do not at this stage give a lot of trouble and will lamb in April when, hopefully, the rest of the lambing is almost over and the grass will be growing.

LONDON MARKETS

COPPER PRICES built on last week's gains on the London Metal Exchange with cash higher grade metal ending the day £15 up at £993.50 a tonne. Early strength was influenced by "borrowing" (buying cash and selling forward) dealers said. Further gains in the afternoon were prompted by strength in the New York market. The firm tone was also encouraged by news that the recent decline in LME warehouse stocks of copper continued last week. Among the soft (non-metal) commodities the biggest mover was sugar.

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	711-2	+10.5	—
3 months	733-4	+10.75	735/725

Official closing (am): Cash 702-3.5 (696-0.5), three months 725-0.5 (718-0.5), settlement 703.5 (696.5). Final Kerb close: 730.5-1. Turnover: 21,875 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or −	High/low
Cash	993-4	+15	985.5/984
3 months	1013.5-4	+12	1014.5/1005

Official closing (am): Cash 985.6 (975.5-6) three months 1,005.5-6 (998.5-9), settlement 986 (976). Final Kerb Close: 1,014-14.5.

Cathodes			
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): Cash [illegible] (961-2), three months [illegible], settlement [illegible]. Turnover: [illegible] tonnes. U.S. Producer prices [illegible] cents per lb.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): Cash [illegible] (277.5-[illegible]), three months [illegible] (288.5-[illegible]), settlement [illegible]. Final Kerb close: [illegible]. Turnover: [illegible] tonnes. U.S. Spot: [illegible] cents per lb.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	[illegible]	[illegible]	[illegible]/3130
3 months	[illegible]	[illegible]	[illegible]/3150

Official closing (am): Cash 3,130-5 (3,110-[illegible]), three months 3,165-75 (3,120-[illegible]), settlement [illegible] (3,115). Final Kerb close: [illegible]. Turnover: 1,956 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or −	High/low for day
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): Cash 8,710-5 (8,655-[illegible]), three months [illegible] (8,610-1), settlement [illegible].

Standard			
Cash	[illegible]	[illegible]	8710
3 months	[illegible]	[illegible]	8670/8620

Official closing (am): Cash 8,710-5 (8,655-[illegible]), three months 8,625-6 (8,610-[illegible]), settlement [illegible] (8,660). Final Kerb close: [illegible]. Turnover 2,185 tonnes. Straits tin [illegible] (29.90) kilo.

ZINC

High grade	Unofficial close(p.m.)	+ or −	High/low
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]5/476

Official closing (am): Cash 471-3 (465-7), three months [illegible] (471.5-[illegible]), settlement [illegible] (478-0.5). Final Kerb close: [illegible]. Turnover: 21,400 tonnes: U.S. Prime Western: 38-38.75 cents per lb.

GOLD

Gold fell $1 to $326-$327 in quiet London bullion trading. It opened at $325¾-$326¼ and was fixed at $326¼ in the morning and $326 in the afternoon. The metal touched a peak of $327-$327½, and a low of $325-$326, losing ground as the dollar recovered from the low hit in New York on Friday.

GOLD BULLION (fine ounce) Oct. 4

Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
M'n'g fix	[illegible]	[illegible]
Aft'n'n fix	[illegible]	[illegible]

GOLD AND PLATINUM COINS

Kr'g'r'nd	[illegible]	[illegible]
½ Krug.	[illegible]	[illegible]
¼ Krug.	[illegible]	[illegible]
1/10 Krug.	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
½ New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

Silver was fixed 3.25p an ounce lower for spot delivery in the London bullion market yesterday at 440.6p. U.S. cent equivalents of the fixing levels were: spot [illegible], three-month [illegible], six-month [illegible] and 12-month [illegible]. The metal opened at [illegible] and closed at [illegible].

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]		
12 months	[illegible]	[illegible]		

LME—Turnover [illegible] lots of 10,000 oz.

Three months high [illegible], low [illegible], final kerb [illegible].

COCOA

Futures were locked in a narrow trading range throughout a dull day. Producers and consumers were unwilling to participate at current levels, consequently only light second-hand interest was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]

Sales: [illegible] lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for October 7: 110.32 ([illegible]). [illegible] day average for October 8: [illegible].

INDICES

FINANCIAL TIMES

Oct. 4	Oct. 3	M'th ago	Year ago
250.69	251.62	254.72	289.75

(Base: July 1 1952=100)

REUTERS

Oct. 7	Oct. 4	M'th ago	Year ago
1701.8	1699.8	1696.4	1875.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 4	Oct. 3	Month ago	Year ago
Spot	114.16	114.09	—	123.97
Fut.	117.16	117.65	—	124.35

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Oct. 7 1985	+ or −	Month ago
Aluminium	£1100		£1100
Free Mkt	$1046/60	+25	$1050/60
Copper			
Cash h Grade	£993.5	+15	£1047
3 mths	£1013.75	+12	£1073
Gold Troy oz	$326.75	−1	$320.5
Lead Cash	£277.75	−1.25	£298.75
3 mths	£286.25	−0.5	£299.75
Nickel			
Free Mkt	201/221c		212/232c
Palladium oz	$101.85	−2.15	$95.50
Platinum oz	$319.05	−3.50	$309.75
Quicksilver†	$270/280		$290/300
Silver troy oz	440.60p	−3.25	464.55p
3 months	452.70p	−3.10	477.35p
Tin cash	£8757.5	+65	£9191
3 months	£8657.5	+25	£9158.5
Tungsten	$66.75		$67.32
Wolfram 22.0lb	$64/68		$65/70
Zinc	£477.5	+5.5	£531.5
3 months	[illegible]	[illegible]	[illegible]
Producers	[illegible]		[illegible]
OILS			
Coconut (Phil)	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
SEEDS			
Copra Phil	[illegible]		[illegible]
Soyabean (U.S.)	[illegible]		[illegible]
GRAINS			
Barley Fut. Jan	[illegible]	[illegible]	[illegible]
Maize	[illegible]		[illegible]
Wheat Fut. Jan	[illegible]	[illegible]	[illegible]
No. 2 Hard Wint.	[illegible]		[illegible]
OTHERS			
Cocoa Ft. Mar	[illegible]	[illegible]	[illegible]
Coffee Ft. Jan	[illegible]	[illegible]	[illegible]
Cotton A Index	[illegible]	[illegible]	[illegible]
Gas Oil Nov	[illegible]	[illegible]	[illegible]
Rubber (kilo)	[illegible]	[illegible]	[illegible]
Sugar (raw)	[illegible]	[illegible]	[illegible]
Wooltops 64s	[illegible]		[illegible]

‡ Unquoted. x Oct-Nov. w Nov-Dec. v Nov. u Dec. † Per 76 lb flask. c Cents a pound.

COFFEE

During a quiet morning light, commission house selling created losses of £5-8, reports Drexel Burnham Lambert. Trade pressure triggered a further decline in the afternoon but prices remained in a narrow range in thin trade.

COFFEE	Yesterday's Close	+ or −	Business Done
Nov.	1581-1583	−13.5	1595-1580
Jan.	1622-1625	−9.0	1650-1619
March	1652-1655	−9.0	1688-1652
May	1685-1687	−9.0	1695-1685
July	1710-1715	−14.0	1727-1712
Sept	1740-1752	−18.5	1760-1750
Nov	1760-1780	−8.5	—

Sales: 1,544 (1,101) lots of 5 tonnes.

ICCO indicator prices (U.S. cents per pound) for October 4: Comp daily 1979 120.32 (120.20); 15 day average 119.50 (119.29).

FREIGHT FUTURES

The market opened lower in thin conditions with a lack of fresh news on the physical front. Levels rose during the afternoon despite the apparent lack of fresh physical fixtures to guide to market, suggesting that the increment was due to minor short-covering, reports Clarkcon Wolff. The Baltic Freight index was 884, down 2.5.

	Close	High/Low	Prev.
Oct.	865/870	870/858	865/870
Jan.	877/880	880/875	875/876
April	935/938	935	930/945
July	840/860	—	850/865
Oct.	935/957	—	920/950
Jan.	940/980	—	930/970
April	1020/1070	—	1010/1060
July	950/970	950	920/980

Turnover: 82.

GRAINS

Wheat and barley were extremely quiet, with values losing up to 60p on lack of interest before rising late in the day to close on a steadier note. No major features were observed and both physical and export markets were dull, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Nov.	106.30	−0.20	106.35	−0.50
Jan	108.50	−0.20	109.45	−0.28
Mar.	111.45	−0.25	112.40	−0.20
May	114.50	−0.20	114.90	−0.10
July	117.35	−0.20	—	—
Sept.	96.75	−0.50	96.60	−0.75

Business done—Wheat: Nov 105.30-[illegible], Jan 108.70-[illegible], March 111.50-[illegible], May 114.[illegible], July [illegible], Sept [illegible]. Sales: [illegible] lots of 100 tonnes. Barley: [illegible]. Sales: [illegible] lots of 100 tonnes.

[illegible] Dark Northern Spring No. 1, 15 per cent: [illegible] Jan [illegible] U.S. [illegible], Nov [illegible] sellers. [illegible] Feed, [illegible] seller, [illegible] 112.75- [illegible] No. 3 [illegible] Coast: [illegible] Feed, [illegible] bushel, [illegible] seller [illegible] Dec 112, [illegible] 115.50

LONDON GRAINS—[illegible] spot [illegible] 102.00, [illegible]. The [illegible] weak [illegible] based [illegible] days' [illegible] remain [illegible].

MEAT

Sales: [illegible] lots of 50 carcases, [illegible] kg.

MEAT COMMISSION—Average fatstock prices at representative markets. [illegible] (−0.80). [illegible] dcw [illegible] lw.

No.	Yesterday's close	Previous close	Business Done
	p. per kilo (deadweight)		
Nov.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]

All contracts were quietly steady except the new October contract which traded lower, reports CCST Commodities.

POTATOES

A Dutch crop estimate over 400,000 tonnes above last year's figure, led to losses in Amsterdam, and caused London to open £3.20 down, basis April. A brief dip followed as stop-loss orders were triggered but continued buying interest precipitated a £1.90 rally, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	58.90	57.80	58.70-55.80
Feb	68.00	68.50	—
Apr	81.40	83.20	81.50-79.60
May	87.20	88.70	87.20-86.00

Sales: 1,381 (639) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened unchanged, met selling pressure throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): spot 56.00p (58.25p): November 56.25p (57.00p): December 56.25p (57.00p). The Kuala Lumpur fob price for RSS No. 1 was 185.5 (186.5) cents a kg and for SMR 20 was 165.5 (same).

SOYABEAN MEAL

The market opened £1.00 to 80p stronger on weaker sterling, reports T. G. Roddick. Prices remained within narrow ranges to close little changed.

	Yesterday close	+ or −	Business Done
	£ per tonne		
October	—	—	—
Dec.	122.5-122.8	+0.45	123.8-123.5
Feb.	125.7-126.0	−0.40	126.8-126.0
Apr.	125.8-126.2	−0.25	—
June	124.9-125.0	−0.25	125.0
August	125.0-125.4	−0.3	125.5
October	125.5-126.5	−0.5	—

Sales: 368 (1,085) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $131.00 (£93.00), down $6.00 (down £2.00) a tonne for October-November delivery. White sugar $172.50, down $3.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	136.5-136.0	141.0-141.4	138.8-135.8
Mar.	142.8-142.8	148.2-148.6	147.2-142.8
May	146.4-146.8	152.0-152.4	151.4-147.0
Aug	152.0-152.2	158.2-158.2	156.4-155.0
Oct	156.0-156.2	163.8-164.2	162.8-158.0

Prices slipped some $8.00 over the day in moderate trading conditions, reports C. Czarnikow.

Sales: 1,978 (958) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £196.50 (£198.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 4: Daily price 4.98 (5.03); 15-day average 5.12 (5.12).

PARIS—(FFr per tonne): Dec 1355-1365, March 1373-1375, May 1390-1400, Aug 1439-1445, Oct 1475-1483, Dec 1510-1530.

OIL

Brent, WTI and especially Dubai prices fell in the aftermath of last week's Opec meeting. Nymex opened 15c down but had recovered 10c by 1 pm EDT. The petroleum products market was weak across the barrel. Naphtha prices were eroded by a combination of falling gas and crude oil prices and low chemical industry demand. Heavy fuel oil prices were stable to weak with little buying interest identified in either North West Europe or the Mediterranean—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.80-27.90	—
Arab Heavy	25.65-25.75	—
Dubai	26.60-26.70	−0.20
Brent Blend	28.60-28.70*	−0.05
W.T.I. (1pm est)	28.80-28.95	−0.75
Forcados (Nigeria)	28.70-28.80	−0.20
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	285-288	−1
Gas Oil	265-266	−5
Heavy fuel oil	135-137	−0.6
Naphtha	247-249	−1

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
Oct.	262.00	−1.50	265.50-60.00
Nov.	256.00	−1.75	257.75-55.25
Dec	251.75	−1.50	252.50-50.50
Jan.	249.50	−1.00	251.00-47.75
Feb.	246.50	−1.50	246.50
Mar.	239.00	−1.00	239.00

Turnover: 1,150 (3,985) lots of 100 tonnes.

COTTON

LIVERPOOL — Spot and shipment sales amounted to 894 tonnes for the week ending October 4, compared with 539 tonnes in the previous week. Fair trading occurred with interest shown in Colombian, West African, Paraguayan, Pakistanian, Peruvian and Spanish styles.

U.S. MARKETS

PRECIOUS METALS traded modestly lower on dollar strength and continuing concern over further oil price declines, reports Heinold Commodities. Copper and aluminium firmed with copper benefitting from a decline in U.S. and London exchange stocks. Sugar fell sharply on the lack of fresh demand and reports of improvement in the European beet crop. A steady tone prevailed in cocoa as grind figures are awaited later this week. Coffee gained ground on roaster support linked to expectations of a quota cut. Cotton weakened in sympathy with the grain complex along with a pick-up in producer offers. The energy complex remained steady to lower with the deferreds under pressure on concern over Opec's abandonment of pricing and production guidelines. The grain complex and soyabeans were lower on good producer selling and a favourable harvest weather outlook.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	45.00	—	—	44.35
Nov	45.30	—	—	44.65
Dec	45.65	45.70	44.95	45.05
Jan	46.00	—	—	45.40
March	46.75	46.80	46.10	46.15
May	47.45	—	—	46.96
July	48.15	—	—	47.55
Sept	48.85	—	—	48.25
Dec	49.90	—	—	49.30
Jan	50.25	—	—	49.65

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2277	[illegible]	2261	2291
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	2414	2414	[illegible]	2418
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	2460	2415	2415	2475

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	64.80	64.80	64.30	64.45
Jan	64.95	64.65	64.65	64.65

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.80	60.95	60.90	60.[illegible]
Dec	59.51	59.90	59.35	59.[illegible]
March	60.21	60.69	60.16	60.58
May	60.57	60.86	60.55	60.85
July	59.27	59.63	59.23	59.55
Oct	53.87	43.90	43.80	53.85
Dec	52.83	52.95	52.65	53.00

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel

	Latest	High	Low	Prev
Nov	29.00	29.01	28.76	29.00
Dec	28.35	28.36	28.08	28.37
Jan	27.75	27.75	27.56	27.86
Feb	27.20	27.27	27.00	27.38
March	26.70	26.80	26.60	26.96
April	26.25	26.43	26.20	26.60
May	25.90	26.12	25.90	26.27
June	25.65	26.65	25.80	[illegible]
July	20.38	26.46	25.37	25.67
Aug	25.20	25.22	25.15	25.47

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	326.6	327.1	326.0	328.2
Nov	328.5	—	—	330.1
Dec	330.5	331.3	329.3	332.2
Feb	334.8	335.5	333.8	6336.5
April	339.0	339.7	337.6	340.7
June	343.5	342.0	342.0	345.1
August	348.1	347.0	347.0	349.7
Oct	353.0	353.0	353.0	354.6
Dec	357.8	357.6	357.6	359.4
Feb	362.9	—	—	364.5
April	368.1	368.3	367.5	369.7
Jun	373.6	373.7	373.7	375.2
August	379.3	—	—	379.2

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	128.65	130.10	128.50	129.15
Jan	126.60	128.00	126.20	127.36
March	125.36	127.00	125.10	126.50
May	124.50	—	—	125.40
July	123.50	—	—	124.55

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	83.2[illegible]	[illegible]	[illegible]	[illegible]
Dec	83.0[illegible]	[illegible]	[illegible]	[illegible]
Jan	82.5[illegible]	[illegible]	[illegible]	[illegible]
Feb	80.9[illegible]	[illegible]	[illegible]	[illegible]
March	77.1[illegible]	[illegible]	[illegible]	[illegible]
April	73.6[illegible]	[illegible]	[illegible]	[illegible]
May	72.0[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	317.[illegible]	[illegible]	[illegible]	[illegible]
Jan	322.[illegible]	[illegible]	[illegible]	[illegible]
April	325.[illegible]	[illegible]	[illegible]	[illegible]
July	329.[illegible]	[illegible]	[illegible]	[illegible]
Oct	334.[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	632.[illegible]	[illegible]	[illegible]	[illegible]
Nov	636.[illegible]	[illegible]	[illegible]	[illegible]
Dec	640.[illegible]	[illegible]	[illegible]	[illegible]
Jan	644.[illegible]	[illegible]	[illegible]	[illegible]
March	653.[illegible]	[illegible]	[illegible]	[illegible]
May	662.[illegible]	[illegible]	[illegible]	[illegible]
July	672.[illegible]	[illegible]	[illegible]	[illegible]
Sept	682.[illegible]	[illegible]	[illegible]	[illegible]
Dec	696.[illegible]	[illegible]	[illegible]	[illegible]
Jan	703.[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
Jan	4.90	[illegible]	[illegible]	[illegible]
March	5.30	[illegible]	[illegible]	[illegible]
May	5.5[illegible]	[illegible]	[illegible]	[illegible]
July	5.7[illegible]	[illegible]	[illegible]	[illegible]
Oct	6.0[illegible]	[illegible]	[illegible]	[illegible]
Jan	6.2[illegible]	[illegible]	[illegible]	[illegible]
March	6.7[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	44.2[illegible]	[illegible]	[illegible]	[illegible]
Dec	62.9[illegible]	[illegible]	[illegible]	[illegible]
Feb	61.0[illegible]	[illegible]	[illegible]	[illegible]
April	61.4[illegible]	[illegible]	[illegible]	[illegible]
June	62.4[illegible]	[illegible]	[illegible]	[illegible]
Aug	60.3[illegible]	[illegible]	[illegible]	[illegible]
Oct	59.6[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	503.2	[illegible]	[illegible]	[illegible]
Jan	515.2	[illegible]	[illegible]	[illegible]
March	527.2	[illegible]	[illegible]	[illegible]
May	537.0	[illegible]	[illegible]	[illegible]
July	544.2	[illegible]	[illegible]	[illegible]
August	544.4	[illegible]	[illegible]	[illegible]
Sept	537.0	[illegible]	[illegible]	[illegible]
Nov	538.0	[illegible]	[illegible]	[illegible]
Jan	549.0	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	135.8	[illegible]	[illegible]	[illegible]
Dec	138.1	[illegible]	[illegible]	[illegible]
Jan	139.2	[illegible]	[illegible]	[illegible]
March	141.0	[illegible]	[illegible]	[illegible]
May	142.8	[illegible]	[illegible]	[illegible]
July	144.6	[illegible]	[illegible]	[illegible]
August	141.5	[illegible]	[illegible]	[illegible]
Sept	141.5	[illegible]	[illegible]	[illegible]
Oct	140.0	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	20.26	[illegible]	[illegible]	[illegible]
Dec	20.17	[illegible]	[illegible]	[illegible]
Jan	20.32	[illegible]	[illegible]	[illegible]
March	20.73	[illegible]	[illegible]	[illegible]
May	21.10	[illegible]	[illegible]	[illegible]
July	21.38	[illegible]	[illegible]	[illegible]
Aug	21.48	[illegible]	[illegible]	[illegible]
Sept	21.55	[illegible]	[illegible]	[illegible]
Oct	21.61	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	293.0	293.4	290.4	293.6
March	300.4	301.2	297.6	301.0
May	297.2	297.4	294.4	298.0
July	280.4	281.6	278.0	281.2
Sept	285.0	285.4	283.0	284.2
Dec	295.0	—	—	294.2

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. New York tin 567.0-75.0 (568.0-74.0) cents per pound. Handy and Harman silver bullion 629.0 (632.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering lifts dollar

The dollar finished firmer on the day, and well above the lows touched in New York on Friday. The apparent satisfaction of the Group of Five finance ministers, from the major industrial nations, with the fall in the value of the dollar following their meeting in New York last month, led to covering of short positions, and a general recovery by the U.S. currency.

This was a reaction to the lack of any further measures coming out of the Group of Five meeting, under the auspices of the International Monetary Fund gathering in Seoul.

As central banks showed no wish to push the dollar into another sharp downward spiral, buying pressure built up. This was met by the Bank of Japan in Tokyo, before Europe began trading. Dealers estimated the Japanese central bank sold about $350m. and it was also rumoured the U.S. Federal Reserve was active in Far East markets. Intervention by the German *Bundesbank later* in the day was small, probably totalling less than $60m.

The dollar rose to DM 2.65 from the previous London close of DM 2.6320, and Friday's New York finish of DM 2.6090. It also improved to FFr 8.08 from the London close of FFr 8.0350; SwFr 2.1690 from SwFr 2.1605; and Y215.40 from Y213.40.

On Bank of England figures the dollar's index rose to 130.8 from 130.0.

£ IN NEW YORK

	Oct. 7	Prev. close
£ Spot	$1.4165-1.4175	$1.4240-1.4255
1 month	0.49-0.46 pm	0.45-0.40 pm
3 months	1.15-1.11 pm	1.15-1.12 pm
12 months	2.85-2.75 pm	2.97-2.87 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index rose 0.6 to 80.2. It opened at 80.1, and was steady between that level and 80.3 throughout.

Sterling weakened slightly against the stronger dollar, but improved in terms of other major currencies, as another weekend passed without any announcement about UK entry into the EMS. The pound fell 315 points to $1.4130-1.4140, but rose to DM 3.7450 from DM 3.7250; FFr 11.42 from FFr 11.37; SwFr 3.0650 from SwFr 3.0575; and Y304.50 from Y302.

D-MARK—Trading range against the dollar in 1985 is 3.4510 to 2.6490. September average 2.8370. Exchange rate index 127.9 against 120.8 six months ago.

The D-mark lost ground to the dollar, in the absence of any heavy intervention by central banks to prevent a recovery by the U.S. currency. The Bundesbank sold a small amount of dollars at the Frankfurt fixing, and perhaps up to $50m on the open market. The German central bank had not intervened outside the fixing since February 20, when the dollar was approaching a 13½-year high against the D-mark. Comments by the president of the Bundesbank after the Group of Five meeting in Seoul at the weekend, that finance ministers were satisfied with the outcome of the *emergency meeting on September* 22, lent support to the dollar. But there was still considerable uncertainty about the level of central bank activity. At the *fixing* the *Bundesbank* sold $6.1m as the dollar was fixed at DM 2.6360 in Frankfurt, compared with DM 2.6080 on Friday. The dollar closed at DM 2.64525 in Frankfurt, compared with DM 2.6285 previously.

POUND SPOT—FORWARD AGAINST POUND

October 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4045-1.4220	1.4130-1.4140	0.48-0.45c pm	3.95	1.14-1.21 pm	3.20
Canada	1.9323-1.9400	1.9323-1.9357	0.58-0.48c pm	3.29	1.27-1.12 pm	2.34
Nethlnd.	4.20½-4.24½	4.21½-4.22½	2⅛-2c pm	6.04	5⅞-5⅝ pm	5.39
Belgium	75.74-76.53	75.85-75.95	22-17c pm	3.08	46-36 pm	2.33
Denmark	13.57¼-13.64½	13.57½-13.58½	3½-2¼ore pm	2.43	6⅞-5⅝ pm	1.86
Ireland	1.2098-1.2151	1.2099-1.2109	0.31-0.17p pm	2.38	0.72-0.44 pm	1.92
W. Ger.	3.74-3.75¾	3.74-3.75	2⅝-2½pf pm	8.01	6⅞-6¾ pm	6.74
Portugal	230.40-234.76	230.40-234.18	25c pm-60 dis	−0.90	140-860dis	−8.61
Spain	228½-230½	228½-229½	15c pm-50c dis	−0.92	25-150 dis	−1.53
Italy	2515-2539½	2519-2520	4-7lire dis	−2.62	13-18 dis	−2.46
Norway	11.14-11.20¾	11.14-11.15	¼-1ore dis	−0.67	2½-3½ dis	−1.05
France	11.37¾-11.47	11.41½-11.42½	2¼-1½c pm	1.97	2⅞-2⅛ pm	0.88
Sweden	11.27¾-11.33½	11.28½-11.29½	2½-3¾ore dis	−3.19	9-9¾ dis	−3.32
Japan	303-307¼	304-305	1⅝-1½y pm	5.91	3⅞-3⅝ pm	4.93
Austria	26.29-26.40	26.33-26.40	17¼-15¼gro pm	7.31	40¼-36 pm	5.74
Switz.	3.05½-3.08½	3.06-3.07	2¼-2c pm	8.32	5½-5 pm	6.77

Belgian rate is for convertible francs. Financial franc 76.65-76.75. Six-month forward dollar 1.86-1.81c pm, 12-month 2.90-2.75c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4045-1.4220	1.4130-1.4140	0.48-0.45c pm	3.95	1.14-1.12 pm	3.20
Ireland†	1.1699-1.1730	1.1650-1.1665	0.20-0.10c pm	1.56	0.50-0.25 pm	1.29
Canada	1.3659-1.3682	1.3670-1.3680	0.60-0.09c dis	−0.66	1.75-1.72 pm	2.33
Nethlnd.	2.9670-3.0040	2.9855-2.9865	0.63-0.60c pm	2.48	0.23-0.28dis	−0.75
Belgium	53.50-54.10	53.65-53.75	3-4c dis	−0.78	13-15 dis	−1.04
Denmark	9.58¾-9.66¾	9.60½-9.61	½-1ore dis	−0.94	1½-2 dis	−0.73
W. Ger.	2.6325-2.6665	2.6495-2.6505	0.88-0.83pf pm	3.88	2.39-2.34 pm	3.68
Portugal	163-166	164-166	50-250c dis	−10.91	375-1050dis	−17.27
Spain	161.05-162.70	161.50-161.80	50-65c dis	−4.27	175-263 dis	−5.30
Italy	1777-1798	1782-1783	9-10lire dis	−6.39	25½-27 dis	−5.88
Norway	7.86¼-7.94	7.88¼-7.88¾	3-3½ore dis	−4.94	8¼-8¾ dis	−4.31
France	8.03½-8.12½	8.07¾-8.08¾	1.30-1.50c dis	−2.08	5.00-5.30dis	−2.55
Sweden	7.94½-8.02¼	7.98½-7.99	4¾-5¼ore dis	−7.52	12¾-13¼ dis	−6.52
Japan	214.70-217.80	215.35-215.45	0.36-0.32y pm	1.88	0.97-0.92 pm	1.75
Austria	18.52-18.72	18.56-18.61	5½-4½gro pm	3.31	13½-11½ pm	2.69
Switz.	2.1540-2.1855	2.1685-2.1695	0.85-0.80c pm	4.57	2.00-1.95 pm	3.64

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.20-54.30.

EXCHANGE CROSS RATES

Oct. 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.414	3.745	304.5	11.42	3.065	4.220	2520.	1.934	75.90
$	0.707	1.	2.650	215.4	8.080	2.169	2.986	1783.	1.368	53.70
DM	0.267	0.377	1.	81.31	3.049	0.818	1.127	672.8	0.516	20.27
YEN	3.284	4.642	12.30	1000.	37.50	10.07	13.86	8274.	6.351	249.3
F Fr.	0.876	1.238	3.279	266.6	10.	2.684	3.695	2206.	1.694	66.46
S Fr.	0.326	0.461	1.222	99.35	3.726	1.	1.377	822.0	0.631	24.76
H Fl.	0.237	0.335	0.887	72.15	2.706	0.726	1.	597.0	0.458	17.99
Lira	0.397	0.561	1.486	120.9	4.533	1.217	1.676	1000.	0.768	30.13
C $	0.517	0.731	1.936	157.4	5.905	1.585	2.182	1303	1.	39.25
B Fr.	1.318	1.862	4.934	401.2	15.05	4.038	5.560	3319.	2.548	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Oct. 7	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅞-12	11⅞-12	11 11/16-11 13/16	11 9/16-11 11/16	11 9/16-11 11/16	11-11⅛
U.S. Dollar	7 9/16-7 11/16	7 11/16-8 1/16	7 15/16-8 1/16	8⅛-8¼	8¼-8⅜	8 5/16-8 7/16
Can Dollar	8¼-8¾	8⅛-8⅝	8⅝-8⅞	8 11/16-8 13/16	9 1/16-9 3/16	9⅜-9⅝
D Guilder	5¾-5⅞	5¾-5⅞	5¾-5⅞	5¾-5⅞	5¾-5⅞	5 13/16-5 15/16
Sw. Franc	1¼-1½	1½-1¾	3⅞-4	4⅛-4⅜	4⅛-4⅜	4¼-4⅞
Deutschmrk	4⅛-4⅜	4 5/16-4 11/16	4⅛-4⅜	4 5/16-4 11/16	4⅜-4⅝	4¾-4⅞
Fr. Franc	9 5/16-9 11/16	9⅜-9⅝	9 13/16-9 15/16	10 5/16-10 11/16	10⅞-11	11⅜-11½
Italian Lire	13-15	14-15½	13¾-14¼	13½-14	13½-14	13⅝-14¼
B.Fr.(Fin)	8⅛-8⅜	8⅝-8⅞	8¾-9	9⅛-9⅜	9⅜-9⅝	9⅝-9⅞
Br.Fr.(Con)	8⅛-8⅝	8⅛-8⅞	8¾-9	9⅛-9⅜	9⅛-9⅜	9⅝-9⅞
Yen	6¼-6⅜	6 1/16-6 3/16	6⅜-6½	6⅜-6½	6⅜-6½	6⅜-6½
D. Krone	8½-9	9¼-9¾	8⅞-9⅛	9-9½	9-9½	9¼-9¾
Asian $ (Sng)	7⅞-8	7⅞-8	7 13/16-8 1/16	8 1/16-8 3/16	8⅛-8¼	8 5/16-8 7/16

Long-term Eurodollars: two years 9¾-9⅞ per cent; three years 9¾-10 per cent; four years 10-10⅛ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen: others, two days' notice.

FUTURES AND OPTIONS

Prices fall

Futures contracts fell in value on the London International Financial Futures Exchange yesterday with hearsay and speculation generating much of the day's volume. Euro-dollar *prices opened at 91.68 for December* delivery and touched a high of 91.70 as a result of quite good early business. However this sparked off selling down to 91.66 which in turn attracted fresh buying.

Consequently by the time Chicago entered the market it seemed as if resistance and support levels had been firmly established and it was only towards the close that values were marked down to finish at 91.64. The market had much to digest following various comments made at the meeting of finance ministers over the weekend. In addition there was a little specu*lation about attempts to reduce* the U.S. Budget deficit and more immediately the pressing need to sanction an increase in the U.S. debt ceiling.

Despite the weaker trend, there appeared to be a growing conviction that prices were approaching their lows. A noticeable turn round in sentiment may take time to germinate however with August's FOMC minutes suggesting that the Fed had kept its monetary *policies on the tight side.*

Sterling based instruments looked rather vulnerable, culminating in a neutral reaction to sterling's improvement but a downward movement on any news less than encouraging.

Inevitably there were still some looking for a cut in UK base rates this week, the latter including a set of monthly banking figures and the Conservative Party conference. Generally, though, the weight of opinion tended to *suggest that* now was not the right time for a cut in rates. With very little else to look forward to, sellers tended to gain the upper hand in the afternoon, probably triggering stop loss selling as well.

CURRENCY MOVEMENTS

Oct. 7	Bank of England Index	Morgan Guaranty Change %
Sterling	80.2	−10.5
U.S. dollar	130.8	+19.1
Canadian dollar	84.0	−8.7
Austrian schilling	116.6	+5.1
Belgian franc	91.8	−10.0
Danish Kroner	81.6	−3.9
Deutsche mark	127.9	+9.7
Swiss franc	151.5	+13.7
Guilder	118.1	+5.5
French franc	68.5	−12.7
Lira	44.7	−19.7
Yen	169.8	+23.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.749782	0.590415
U.S.$	7½	1.06394	0.837504
Canadian $	8.99	*	1.14487
Austria Sch.	4	N A	15.5275
Belgian Fr	9½	57.0059	44.8902
Danish Kr	7	10.2058	8.02538
D mark	4	2.80465	2.21269
Guilder	5	3.16416	2.49241
French Fr	9½	N/A	6.74877
Lira	15½	N/A	1490.97
Yen	5	228.428	180.650
Norway Kr	8	8.44602	6.59744
Span'h Pta	—	171.574	135.178
Swedish Kr	10½	N/A	6.67449
Swiss Fr	4	2.29545	1.81068
Greek Dr'ch	20½	[illegible]	110.676
Irish Punt	13½	N/A	0.715509

* C$/SDR rate for October 4: 1.46400.

OTHER CURRENCIES

Oct. 7	£	$
Arg'tina	1.1340-1.1363	0.8000-0.8010
Aus'alia	2.0140-2.0180	1.4195-1.4210
Brazil	11,241-11,305	7,930-7,970
Finland	8.0653-8.0869	5.6820-5.6940
Greece	186.92-190.08	131.67-134.43
H'kong	11.0186-11.0200	7.7750-7.7780
Iran	123.10*	86.10*
Kuwait	0.4195-0.4205	0.29545-0.29555
Lux'burg	75.85-75.95	53.65-53.75
Malay'sia	3.4600-3.4750	2.4500-2.4550
N'Z'land	2.5030-2.5130	1.7605-1.7670
Saudi Ar.	5.1828-5.1905	3.6502-3.6507
Sin'pore	3.0300-3.0400	2.1400-2.1450
S.Af.(Cm)	3.7125-3.7270	2.6145-2.6245
S.Af.(Fn)	4.0000-4.1150	2.8170-2.8965
U.A.E.	5.2130-5.2210	3.6720-3.6750

* Selling rate.

STERLING INDEX

	Oct 7	Previous
8.30 am	80.1	80.1
9.00 am	80.2	80.3
10.00 am	80.2	80.3
11.00 am	80.2	80.1
Noon	80.3	80.3
1.00 pm	80.3	80.3
2.00 pm	80.3	80.2
3.00 pm	80.1	79.9
4.00 pm	80.2	78.6

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.8902	+0.13	+0.90	±1.5425
Danish Krone	8.12857	8.02538	−1.27	−0.50	±1.6421
German D-mark	2.23840	2.21269	−1.15	−0.38	±1.1455
French Franc	6.86402	6.74877	−1.68	−0.91	±1.3654
Dutch Guilder	2.52208	2.49241	−1.18	−0.41	±1.5162
Irish Punt	0.724578	0.715509	−1.25	−0.48	±1.6673
Italian lira	1520.60	1490.97	−1.95	−1.79	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	113.06	113-06	113-04	113-19
March	113-08	—	—	113-21
June	—	—	—	—
Sept	112-08	—	—	112-21
Dec	112-08	—	—	112-21

Est. volume 1,206 (2,153)
Previous day's open int. 3,390 (3,256)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −6 to +4 (32nds).

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Dec	98-18	98-26	98-18	98-28
March	98-34	—	—	98.44

Est. volume 502 (634)
Previous day's open int. 1,278 (1,325)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Dec	89.15	89.27	89.14	89.30
March	89.53	89.61	89.58	89.67
June	89.60	89.62	89.58	89.68
Sept	89.56	—	—	89.67
Dec	89.53	—	—	89.64

Est. volume 1,437 (1,591)
Previous day's open int. 6,638 (6,668)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	130.80	132.10	130.70	132.20
March	131.80	—	—	132.95

Est. volume 207 (181)
Previous day's open int. 1,275 (1,238)

THREE-MONTH EURODOLLAR $4m points of 100%

	Close	High	Low	Prev
Dec	91.64	91.70	91.64	91.82
March	91.27	91.31	91.26	91.46
June	90.88	90.94	90.88	91.08
Sept	90.53	90.57	90.56	90.73
Dec	90.18	90.20	90.20	90.40

Est. volume 4,899 (6,104)
Previous day's open int. 20,091 (19,651)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	74-15	74-30	74-12	75-09
March	73-09	73-21	73-21	74-03

Est volume 3,088 (4,228)
Previous day's open int. 2,956 (3,142)

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.78	92.83	92.78	92.87
March	—	92.50	92.50	92.43
March	—	92.50	92.43	92.54
June	92.08	92.10	92.07	92.17
Sept	91.75	91.75	91.75	91.83
Dec	91.45	91.46	91.45	91.53
March	91.20	91.21	91.20	91.27
June	90.94	—	90.94	91.01
Sept	90.75	—	90.75	—

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	74-15	74-30	74-11	75-00
March	73-10	73-23	73-08	73-26
June	72-08	72-20	72-04	72-24
Sept	717-08	71-14	71-08	71-24
Dec	10-10	70-14	70-08	70-28
March	—	—	—	69-31
June	68-23	68-24	68-23	69-07
Sept	—	—	—	—
Dec	—	—	—	67-29
March	—	—	—	67-11

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	—	92.02	91.95	92.08
March	91.69	—	91.59	91.68
June	—	—	—	91.29
Sept	—	—	—	90.92

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.63	91.68	91.62	91.[illegible]
March	—	91.31	91.24	91.35
June	—	90.92	90.86	90.96
Sept	90.51	90.56	90.50	90.60
Dec	—	90.21	90.17	90.26
March	89.87	89.91	89.85	89.94
June	89.58	89.62	89.57	89.64
Sept	89.32	89.35	89.31	89.37

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	22.00	22.00	21.90	—	0.20	0.85	1.65	180
1.25	17.00	17.20	17.80	—	0.40	1.65	2.70	—
1.30	12.20	13.20	13.90	140	0.85	3.00	4.30	5
1.35	8.10	9.50	10.50	320	2.10	4.40	6.10	100
1.40	4.90	6.80	8.30	2	4.20	6.70	8.20	—
1.45	2.90	4.70	6.20	1	7.20	9.50	11.20	—
1.50	1.60	3.20	4.50	1	10.70	12.90	14.40	—

Previous day's open int: Calls — Puts —

LIFFE £/$ OPTIONS

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	21.72	21.72	21.72	—	0.08	0.81	1.86	—
1.25	16.72	16.72	17.46	—	0.30	1.58	3.01	40
1.30	11.72	12.85	14.02	—	0.87	2.80	4.57	—
1.35	7.89	9.80	11.04	80	2.04	4.55	5.59	—
1.40	4.88	6.93	8.52	—	4.03	6.88	9.07	700
1.45	2.74	4.83	6.44	—	6.89	9.78	11.89	60
1.50	1.40	3.25	4.78	—	10.55	13.20	15.33	40

Previous day's open int: Calls 8,190 Puts 13,941

LIFFE EURODOLLAR OPTIONS $1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.64	1.38	1.23	—	0.00	0.11	0.35	—
90.50	1.16	0.97	0.89	1	0.02	0.20	0.51	—
91.00	0.72	0.63	0.61	100	0.08	0.36	0.73	100
91.50	0.36	0.36	0.38	—	0.22	0.58	1.00	10
92.00	0.13	0.18	0.22	22	0.49	0.91	1.34	—
92.50	0.03	0.07	—	—	0.89	1.30	—	—
93.00	0.00	—	—	—	1.36	—	—	—

Previous day's open int: Calls 1,769 Puts 1,908

PHILADEPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	12.00	—	—	1	—	—	—	—
1.35	9.00	9.70	—	403	2.10	—	—	801
1.40	5.00	—	8.20	420	—	6.45	—	1,100
1.45	—	4.70	—	40	—	—	—	—
1.50	1.50	—	—	2	—	—	—	—

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mnth	3-mnth	6-mnth	12-mnth
1.4135	1.4089	1.4022	1.3952	1.3853

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4055	1.4125	1.4015	1.4075
March	1.3970	1.4030	1.3920	1.3990
June	1.3900	1.3965	1.3865	1.3925
Sept	1.3800	1.3800	—	1.3800

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4085	1.4125	1.4020	1.4075
March	1.4005	—	—	1.3995
June	1.3945	—	—	1.3936

Est. volume 229 (206)
Previous day's open int. 2,980 (2,878)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3811	0.3817	0.3777	0.3840
March	0.3845	—	—	0.3872
June	0.3884	—	—	0.3911

Est. volume 44 (97)
Previous day's open int. 471 (482)

Company Notices

ENTREPRISE DE RECHERCHE ET D'ACTIVITES PETROLIERES "ERAP"

Etablissement Public of the French State (Decree No 65-1116 of December 17th, 1965)

Registered Office: Tour Elf, La Defense 6, 92400 Courbevoie

9¼% BONDS 1975-1985 of U.S.$1,000

The holders of 9¼% Bonds 1975-1985 of U.S.$1,000 are informed that all the outstanding securities will be redeemable at par at the final maturity on November 15th, 1985 at the FRENCH AMERICAN BANKING CORPORATION NEW YORK and at the offices of the following Establishments:

—BANQUE NATIONALE DE PARIS (PARIS)
—CREDIT LYONNAIS (PARIS)
—SOCIETE GENERALE (PARIS)
—BANQUE NATIONALE DE PARIS LUXEMBOURG S.A. (LUXEMBOURG)
—KREDIETBANK S.A. LUXEMBOURGEOISE (LUXEMBOURG)
—SOCIETE DE BANQUE SUISSE (BALE—GENEVE—ZURICH)
—ALGEMENE BANK NEDERLAND N.V. (AMSTERDAM)
—NATIONAL WESTMINSTER BANK LTD (LONDRES)
—DEUTSCHE BANK A.G. (FRANCFORT)
—WESTDEUTSCHE LANDESBANK GIROZENTRALE (DUSSELDORF)
—BAYERISCHE VEREINSBANK A.G. (MUNICH)
—SOCIETE GENERALE DE BANQUE S.A. (BRUXELLES)
—BANQUE BRUXELLES LAMBERT (BRUXELLES)
—BANCA NAZIONALE DEL LAVORO (MILAN—ROME)

BRASILVEST S.A.

Sociedade De Investimento D.L. No 1401

NOTICE OF DIVIDEND PAYMENT

Notice is hereby given that the administrative council of the company have resolved on the recommendation of the consultative council of the company that a dividend of cruzeiros 256.78 per cruzeiro share should be paid in respect of the six-month period ended on March 30 1985.

After deduction of Brazilian withholding tax at the rate of 8 pct for the first and the second series, 10 pct for the third series and 12 pct for the fourth series, and the depositary's expenses of US Dollars 0.01 per depositary share, the amount payable in respect of each depositary share (first series) is US Dollars 313.36 in respect of each depositary share in respect of each depositary share (second series) is US Dollars 294.26 (third series) is US Dollars 244.97 and in respect of each depositary share (fourth series) is US Dollars 223.77.

The dividend will be available on or after September 30, 1985 to holders of the relevant International Depositary Receipts by surrender of dividend coupon No 17 attached to IDRs in respect of depositary shares (first series), of dividend coupon No 16 attached to IDRs in respect of depositary shares (second series), of dividend coupon No 13 attached to IDRs in respect of depositary shares (third series) and of dividend coupon No 11 attached to IDRs in respect of depositary shares (fourth series) at any of paying agents:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK:
Brussels, 35, avenue des Arts
New York, 30, West Broadway
London, 1, Angel Court
Zurich, 38, Stockerstrasse

MONEY MARKETS

London rates barely changed

Interest rates were hardly changed in London yesterday in the absence of any fresh factors to influence trading. Sterling's firmer trend failed to provide any stimulus. Today's UK money supply figures may provide some clue but overall there was very *little inspiration* in the market. Overnight interbank money opened at 11¾-12 per cent and finished bid at 13 per cent while the three-month rate was unchanged at 11 9/16-11 11/16 per cent. Three-month eligible bank bills were bid at 11 5/16 per cent compared with 11¼ per cent.

The *Bank of England* forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £580m and the unwinding of previous sale and repurchase agreements a further £766m. These were partly offset by Exchequer transactions which added £50m and a fall in the note circulation of £330m. In addition banks brought forward *balances £30m above* target.

The forecast was revised to a shortage of around £900m and the authorities gave assistance in the morning of £335m comprising purchases of £7m of local authority bills in band 1 (up to 14 days) at 11⅜ per cent and £245m of eligible bank bills in band 2 (15-33 days) at 11 5/16 per cent. In band 3 (34-63 days) it *bought £1m of eligible bank bills* at 11¼ per cent and in band 4 (64-91 days) £5m of local authority bills and £16m of eligible bank bills, all at 11 3/16 per cent.

Assistance in the afternoon totalled £419m and comprised purchases of £401m of eligible bank bills in band 2 at 11 5/16 per cent and £18m in band 3 at 11¼ per cent. The Bank also gave late help of £55m, making a total of £809m. The Bank also announced a rate of 11 21/32 per cent relating to temporary facilities due to mature yesterday which had been rolled forward to November 4.

In *Frankfurt* the Bundesbank announced a new 35-day repurchase facility with a minimum rate of 4.55 per cent. Bids must be entered by this morning with *the results known* later in the day. Funds will be credited to successful applicants tomorrow and the facility matures on November 13. The fresh repurchase agreement coincides with a DM 8.6bn facility maturing tomorrow which had carried a rate of 4.6 per cent.

UK clearing banks base lending rate 11½ per cent since July 30.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7¾
Fed funds at intervention	—

Treasury Bills & Bonds

One month	6.85
Two month	7.08
Three month	7.27
Six month	7.58
One year	8.06
Two year	8.96
Three year	9.31
Four year	9.68
Five year	9.88
Seven year	10.30
10 year	10.44
20 year	10.68

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 7)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/8	offer 8 1/4	bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Oct. 7	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11¾-13	11⅞-12⅛	11 11/16-11 13/16	11 9/16-11 11/16	11 9/16-11 11/16	11-11⅛
Sterling CDs	—	—	11 11/16-11⅝	11 9/16-11 7/16	10 15/16-11 1/16	10¾-10⅞
Local Authority Depos	11⅞	11⅝-11¾	11 11/16	11½	11¼	11
Local Author'y Bonds	—	—	12 1/16	11¾	11½	11⅛-11¼
Discount Mkt Depos	11½-12¼	12¼	11¼	11	11	—
Company Deposits	12-12¼	12-12⅛	11⅞	11⅝	—	—
Finance Hse Depos	—	—	11 11/16	11 7/16	11 3/16	11 1/16
Treasury Bills (Buy)	—	—	11⅜	11	—	—
Bank Bills (Buy)	—	—	11⅜	11¼	10¾	—
Fine Trade Bills (Buy)	—	—	12	11⅞	11⅛	—
Dollar CDs	—	—	7.9-8.0	8.0-8.1	8.05-8.15	8.4-8.5
SDR Linked Depos	—	—	7⅝-7⅞	7¾-8	7 15/16-8 1/16	8-8¼
ECU Linked Depos	—	—	8 5/16-8 11/16	8⅝-8¾	8¾-8⅞	8⅞-9

Treasury Bills (sell): one-month 11 21/32 per cent; three-month 10⅞ per cent. Bank Bills (sell): one-month 11 21/32 per cent; three-month 11 5/32 per cent. Treasury Bills: Average tender rate of discount 10.9690 per cent. ECGD Fixed Finance IV: September 4 to October 1 (inclusive): 11.597 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. *Finance Houses Base Rate 12 per cent from October 1 1985.* Bank Deposit Rates [illegible] per cent; one-month 11½ per cent; three-month [illegible] per cent; six-month [illegible] per cent. [illegible] Deposits withdrawn for cash 7% per cent.

MONEY RATES

Oct. 7	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.65-4.75	4.6-4.7	4.6-4.7	4.6-4.7	4.65-4.75	5.5
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 7, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.10
Algeria	Dinar	(A)6.96
Andorra	French Franc	11.42
	Spanish Peseta	228.875
Angola	Kwanza	42.9200
Antigua	E. Caribbean $	3.83
Argentina	Austral	1.1552
Australia	Australian $	2.0160
Austria	Schilling	26.3650
Azores	Portuguese Escudo	232.16
Bahamas	Ba. Dollar	1.4135
Bahrain	Dinar	0.5350
Balearic Isles	Spa Peseta	228.875
Bangladesh	Taka	41.60
Barbados	Barbados $	2.8560
Belgium	B. Franc	(cm) 75.90 (fn) 75.70
Belize	B $	2.84
Benin	C.F.A. Franc	571.0
Bermuda	Bda $	1.4135
Bhutan	Ngultrum	16.80
Bolivia	Bolivian Peso	(c) 105,500.0
Botswana	Pula	2.9485
Brazil	Cruzeiro††	11,273.0
Brit. Virgin Isles	U.S. $	1.4135
Brunei	Brunei $	3.3050
Bulgaria	Lev	1.4858
Burkina Faso	C.F.A. Franc	571.0
Burma	Kyat	11.0000
Burundi	Burundi Franc	165.72
Cameroon	C.F.A. Franc	571.0
Canada	Canadian $	1.9340
Canary Islands	Spanish Peseta	228.875
Cape Verde Is	Cape V. Escudo	126.76
Cayman Islands	Cay. Is $	1.1855
Cent. Afr. Republic	C.F.A. Franc	571.0
Chad	C.F.A. Franc	571.0
Chile	Chilean Peso	252.68
China	Renminbi Yuan	4.2722
Colombia	Col. Peso	(F)224.75
Comoro Islands	C.F.A. Franc	571.0
Congo (Brazzaville)	C.F.A. Franc	571.0
Costa Rica	Colon	(U) 74.12
Cuba	Cuban Peso	1.3280
Cyprus	Cyprus £	0.8115
Czechoslovakia	Koruna	(com) 9.26 n/c 16.10 15.66
Denmark	Danish Kroner	13.58
Djibouti	Djibouti Franc	240.0
Dominica	E. Caribbean $	3.83
Dominican Repub.	Dominican Peso	(o) 1.4135 4.23
Ecuador	Sucre	136.84
Egypt	Egyptian £	1.1786 (14) 1.7466 (8)
El Salvador	Colon	(o) 3.55 (F) 5.74
Equatorial Guinea	Ekuele	571.0
Ethiopia	Ethiopian Birr	2.9100
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	13.58
Fiji Islands	Fiji $	1.5709
Finland	Markka	8.0761
France	French Franc	11.42
French C'ty in Af.	C.F.A. Franc	571.0
French Guiana	Local Franc	11.42
French Pacific Is.	C.F.P. Franc	200.0
Gabon	C.F.A. Franc	571.0
Gambia	Dalasi	6.00
Germany (East)	Ostmark	3.7450
Germany (West)	Deutsche Mark	3.7450
Ghana	Cedi	80.4270
Gibraltar	Gibraltar £	1.0
Greece	Drachma	188.00

COUNTRY	CURRENCY	VALUE OF £ STERLING
Greenland	Danish Kroner	13.58
Grenada	E. Caribbean $	3.83
Guadaloupe	Local Franc	11.42
Guam	U.S. $	1.4135
Guatemala	Quetzal	1.4135
Guinea	Syli	32.84
Guinea-Bissau	Peso	209.20
Guyana	Guyanese $	5.9680
Haiti	Gourde	7.10
Honduras	Lempira	2.85
Hong Kong	H.K. $	11.0150
Hungary	Forint	68.8846
Iceland	I. Krona	58.7300
India	Ind. Rupee	16.80
Indonesia	Rupiah	1,590.40
Iran	Rial	123.10(sg)
Iraq	Iraqi Dinar	0.4410
Irish Republic	Irish £	1.2104
Israel	Shekel	2,100.9
Italy	Lira	2,519.5
Ivory Coast	C.F.A. Franc	571.0
Jamaica	Jamaica Dollar	8.20(sg)
Japan	Yen	304.50
Jordan	Jordanian Dinar	0.5380
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	23.34
Kiribati	Australian $	2.0160
Korea (Nth)	Won	1.33
Korea (Sth)	Won	1,269.60
Kuwait	Kuwaiti Dinar	0.4200
Laos	New Kip	49.70
Lebanon	Lebanese £	26.38
Lesotho	Maluti	3.7198
Liberia	Liberian $	1.4135
Libya	Libyan Dinar	0.4205
Liechtenstein	Swiss Franc	3.0650
Luxembourg	Lux Franc	75.90
Macao	Pataca	11.47
Madeira	Portugese Escudo	232.16
Malagasy Republic	MG Franc	765.45†
Malawi	Kwacha	2.4070
Malaysia	Ringgit	3.4675
Maldive Islands	Rufiyaa	10.01
Mali Republic	C.F.A. Franc	571.0
Malta	Maltese Lira	0.6190
Martinique	Local Franc	11.42
Mauritania	Ouguiya	109.21
Mauritius	M. Rupee	20.65
Mexico	Mexican Peso	(F)525.37 (C)425.57
Miquelon	Local Franc	11.42
Monaco	French Franc	11.42
Mongolia	Tugrik	4.76
Montserrat	E. Caribbean $	3.83
Morocco	Dirham	13.90 (sg)
Mozambique	Metical	(A) 60.00
Namibia	S.A. Rand	3.7198
Nauru	Australian Dollar	2.0160
Nepal	Nepalese Rupee	25.90
Netherlands	Guilder	4.22
Netherland Antilles	Antillian Guilder	2.56
New Zealand	N.Z. Dollar	2.5080
Nicaragua	Cordoba	(O)39.70
Niger Republic	C.F.A. Franc	571.0
Nigeria	Naira	1.263146(sg)
Norway	Norwegian Krone	11.1450
Oman Sul'ate of	Rial Omani	04.930
Pakistan	Pakistan Rpee	22.20
Panama	Balboa	1.4135
Papua N. Guinea	Kina	1.3635
Paraguay	Guarani	340.33(10) 807.55(7)

COUNTRY	CURRENCY	VALUE OF £ STERLING
Peru	Sol	exc(A)15,770.9
Philippines	Philippine Peso	25.40
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.5080
Poland	Zloty	212.32
Portugal	Portuguese Escudo	232.16
Puerto Rico	U.S. $	1.4135
Qatar	Qatari Ryal	5.1920
Reunion Island	French Franc	11.42
Romania	Leu	(Cm) 5.84 (N/C) 16.32
Rwanda	Rwanda Franc	134.61
St. Christopher	E. Caribbean $	3.83
St. Helena	St. Helena £	1.0
St. Lucia	East Carribean $	3.83
St. Pierre	Local Franc	11.42
St. Vincent	E. Caribbean $	3.83
Samoa American	U.S. $	1.4135
San Marino	Italian Lira	2,519.5
Sao Tome & Prin.	Dobra	60.20
Saudi Arabia	Saudi Ryal	5.1865
Senegal	C.F.A. Franc	571.0
Seychelles	S. Rupee	9.40
Sierra Leone	Leone	(O) 7.57
Singapore	Singapore $	3.3050
Solomon Islands	Solomon Is. $	2.2095
Somali Republic	Somali Shilling	51.97
South Africa	Rand	3.7198
Spain	Peseta	228.875
Spanish ports in North Africa	Peseta	228.875
Sri Lanka	S. L. Rupee	38.30
Sudan Republic	Sudan £	3.56
Surinam	S. Guilder	2.53
Swaziland	Lilangeni	3.7198
Sweden	S. Krona	11.29
Switzerland	Swiss Franc	3.0650
Syria	Syrian £	(A) (T) 9.0 (CM) 5.57
Taiwan	New Taiwan $	57.28
Tanzania	Tan. Shilling	24.24
Thailand	Baht	38.90
Togo Republic	C.F.A. Franc	571.0
Tonga Islands	Pa'anga	2.0160
Trinidad	Trinidad & Tob $	3.42
Tunisia	Tunisian Dinar	1.1180(sg)
Turkey	Turkish Lira	768.65
Turks & Caicos	U.S. $	1.4135
Tuvalu	Australian $	2.0160
Uganda	Uganda Shilling	805.0
United States	U.S. Dollar	1.4135
Uruguay	Uruguay Peso	158.99
Utd. Arab Emirates	U.A.E. Dirham	5.2170
U.S.S.R.	Rouble	1.1149
Vanuatu	Vatu	147.10
Vatican	Italian Lira	2,519.5
Venezuela	Bolivar	(4) 6.11 (5) 10.65 (6) 20.70
Vietnam	Dong	(0) 133.03
Virgin Island U.S.	U.S. Dollar	1.4135
Western Samoa	Samoan Tala	(A) 3.04
Yemen (Nth)	Ryal	(A) 9.69
Yemen (Sth)	S. Yemen Dinar	0.4870
Yugoslavia	New Y Dinar	408.7098
Zaire Republic	Zaire	76.9580
Zambia	Kwacha	N/A(15)
Zimbabwe	Zimbabwe $	2.3300

‡ Rate is the transfer market (controlled). †† Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign money by Egyptians working abroad. (9) Banknote rates. (10) Rate for exports. (14) Nearly all business transactions. (15) Zambia—trading temporarily suspended.
† Correction (September 30):—Malagasy was 770.91.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101	99	Exch. 12¼pc 1985	99		12.26	11.79
101	99	Exch 11¼pc '86	100	−	11.73	10.96
99¼	97	Treas. 10pcCnv 1986	99 xd		10.04	10.82
96¼	92¼	Treas 3pc 1986	96		3.11	8.97
100	97½	Exch. 10½pc Cv '86	99		10.53	10.95
101¾	99¼	Treas 12pc 1986	100	−	11.93	10.90
98	94¼	Treas 8¼pc 1984-86‡‡	98	−	8.64	10.62
105	102	Exch. 14pc 1986	103¼ xd	−	13.56	10.71
94½	87¼	Exch. 2½pc 1986	94		2.65	7.81
104	101¼	Exch. 13¼pc 1987	103		12.86	10.59
99	96	Treas 10¼pcCv '87	99½	−	10.31	10.58
93¼	85½	Exch 2½pc 1987	93¼		2.69	7.83
100	96¼	Exch. 10½pc 1987	100		10.50	10.51
95	89	Funding 6½pc '85-87‡‡	95 xd	−⅛	6.84	10.03
99	95½	Treas. 10pc 1987	99	−	10.10	10.62
91¼	84¼	Treas 3pc 1987	91	−	3.28	8.22
102	98	Treas. 12pc 1987	102½ xd		11.71	10.65
95	90¼	Treas 7¾pc 1985-88‡‡	94		8.17	10.30
100	95	Exch 10½pc '88	99 xd	−	10.50	10.57
98	93	Treas 9¼pc Cv '88	97	−	9.95	10.62
87	80	Transport 3pc '78-88	87		3.44	8.33
97	91½	Treas. 9½pc '88	97 xd	−⅛	9.77	10.61
102¼	97	Treas 11½pc 1989	102	−⅛	11.20	10.54
97	90¼	Treas 9½pc Cnv. '89	97¼ xd	−	9.78	10.50
83	79	Treas 3pc 1989	83	+	3.60	8.47
99	94	Treas 10½pc 1989	99⅝	−⅛	10.53	10.60
98¼	92	Exch 10pc 1989	98	−	10.28	10.57
101½	95	Exch 11pc 1989	101½	−⅛	10.86	10.60
86¼	79	Treas 5pc 1986-89	86¼ xd		5.80	9.17
108	103¼	Treas 13pc 1990‡‡	108	−⅛	11.97	10.43

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Maclellan (P & W) 20p	44xd	.....	†1.7	2.3	5.5	9.1
77	46	Magnolia Group	74	.....	2.6	3.0	5.0	9.0
48	28	Malomet Hldgs 10p	38	.....	—	—	—	♦
402	202	Man. Ship Can. £1	402	.....	5.5	3.5	2.0	21.1
104	70	Marley	85	.....	3.75	2.2	6.3	10.3
107	52	Marling Ind. 10p	94	.....	d1.5	5.1	2.3	12.0
82	36	Marshall L'xy. 'A'	78xd	.....	†2.4	4.9	4.4	5.6
77	55	Marshall's Universal	60	.....	2.0	1.4	4.8	(19.0)
86	78	Do. 7½pcCnRedPf £1	82	.....	7½%	—	13.1	—
£99	£81	Mathesons 7¼%	£99	.....	Q7¼%	2.3	8.0	—
35	19	Maxiprint 1p	20	.....	—	—	—	—
510	375	Metal Box £1	488	–5	17.25	3.1	5.1	7.2
170	110	Metal Closures	140	+8	6.7	2.0	6.8	8.7
17	3	Metal Sciences 2½p	8	.....	—	—	—	—
104	73	Midland Marts	82	.....	4.0	2.1	7.0	9.8
*83½	55½	Mitchell Cotts	66½	.....	4.25	♦	9.5	♦
230	182	Morgan Crucible	195	.....	18.0	1.6	6.0	13.3
32½	22	Morris (W) F.A. 20p	30	.....	90.5	♦	2.4	♦
131	91	Moss (Robt.) 10p	131	.....	3.0	2.5	3.3	14.5
81	60	Myson Grp 10p	62	.....	g2.5	3.4	5.9	(11.6)
328	214	NMW Computers	255	+5	b4.8	2.7	2.7	19.6
43	28	Nash Inds	32	.....	†2.5	1.5	‡	7.4
48	16	Neill & Spencer 10p	19	–1	—	—	—	5.7
44	14½	Newman Inds 10p	29	–1	20.3	—	1.5	(13.7)
45½	26	Nolton	44½	.....	†1.17	4.5	3.8	8.6
189	146	Norcros	184	+5	8.6	2.2	6.7	9.2
67	45	Nu-Swift 5p	58	.....	†3.0	1.9	7.9	10.3
114	68	Oakwood Grp	114	+2	†d4.5	1.4	5.6	(16.8)
250	150	Office & Elect	236	.....	†7.5	2.6	4.6	12.8
108	75	Oldacre 20p	80	+5	4.0	2.6	7.1	7.1
58	37	Optometrics $0.01	43	.....	0.025	—	3.6	—

INSURANCES

LEISURE

LEISURE—Continued

1985 High	Low	Stock
210	177	Central TV N/V 50p
226	170	Chrysalis
52	7	Entertain Prod 5p
78	50	Fairline Boats 10p
369	228	First Leisure £1
69	51	GRA Group 5p
32	25	Grampian TVA 10p
167	117	HTV Non/Vtg
148	80	Horizon
184	90	Insight
140	102	Intl Leisure 10p
232	115	Juliana's Hldgs 2p
300	217	LWT
38	25	Leisure Inv 10p
65	53	Leisuretime Int 10p
115	98	Lowndes
183	153	Media Tech Int 20p
205	124	Medminster 10p
280	175	Miss World 10p
127½	70	Nationwide Leisure
39	15	Miquelo Int 20c
27	19½	Owners Abroad
53	38	Photax (Lon.)
24½	20	P'dilly Radio NV 5p
90	30	Pineapple Dnc St 10p
300	183	Pleasurama 5p
150	109	Do. 7pcCvCmRedPf
96	77½	Pres-Entertain 50p
65	27	Radio City 'A' NV
55	42	Radio Clyde N/V
63	34	Riley Leisure 10p

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
175	90	Gopeng Berhad M$0.50	97	.....	g$0.16	♦	5.9
650	650	Hongkong	650¢	.....	—	—	—
27	11	Jantar 12½p	20	.....	2.5	♦	17.9
55	34	Malaysia Mng. 10c	36	–1	v06c	♦	4.9
38	17	Pahang	17¢	.....	8—	—	—
650	200	Pengkalen 10p	250	.....	—	—	—
275	165	Petaling SM1	165	.....	v060c	♦	10.6
275	180	Sungei Besi SM1	180	.....	v043c	—	7.0
285	170	Tanjong 15p	175	.....	g3.5	—	2.9
250	90	Tongkah H. Tin SM1	128	.....	v023c	1.2	5.8
305	190	Tronoh SM1	195	.....	†v064c	1.1	9.6

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
55	30	Anglo-Dominion	30	.....	—	—	—
41	35	Anglo Utd Dev	35	–2	bd1.05	2.1	4.3
350	117	Centennial Min's	167	+20	—	—	—
120	50	Colby Res Corp	52	–3	—	—	—
550	287	Cons. Murch. 10c	300	.....	g086½c	3.9	7.5
40	24	Essex Int. Ir10p	30	.....	—	—	—
215	115	Hampton Areas 10p	142	–1	3.75	0.9	3.5
260	135	Highwood Res	160	.....	—	—	—
£22½	£17¼	Homestake Mining $1	£17½	–½	Q20c	—	0.8
310	155	McFinley Red Lake	195	+5	—	—	—
335	195	Mustio Explorations	260	+10	—	—	—
55	23	New Sabina Res C$1	38	.....	—	—	—
375	225	Northgate C$1	220	–2	—	—	—
685	538	RTZ	547	–3	†20.0	2.8	5.3
£145½	£116½	Do. 9½pcLn '95-2000	£121	+½	Q9½%	14.0	†8.0
975	910	Tara Expln $1	936	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	98xd	.....
Craig & Rose £1	700	.....
Finlay Pkg. 5p	54xd	+3
Higsons Brew	235	.....
Holt (Jos) 25p	730	.....
IoM Stm. £1	87	.....
IRISH		
Fund 11¼% 1988	£101½xd	+⅛
Nat. 9¾% 84/89	£97½	.....
Fin. 13% 97/02	£109	.....
Arnotts	200	.....
CPI Hldgs	58	.....
Carrol Inds	127	.....
Dublin Gas	75	.....
Hall (R. & H.)	60½	.....
Helton Hldgs.	21	.....
Irish Ropes	45	.....
Jacob (W. & R.)	92	+1
Unidare	107	.....

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(International Edition Page 34)

MARKET REPORT

Initial gains in equity sectors gradually eroded

FT index closes 4.1 down at 1012.4

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept 16	Sept 26	Sept 27	Oct 7
Sept 30	Oct 10	Oct 11	Oct 21
Oct 4	Oct 24	Oct 14	Nov 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

The second leg of the current two-week stock exchange trading Account started on an extremely subdued note yesterday.

Potential investors appeared to be wary ahead of the Conservative Party conference which gets underway today. Several uninspiring surveys on the economic outlook for the UK also tended to dampen enthusiasm, while the money supply figures, due today, were also an inhibiting factor, particularly in the Gilt-edged sector.

Takeover speculation, which had been largely responsible for keeping interest alive in the equity sectors towards the end of last week, faded considerably. Blue chip industrials were inclined harder initially, but soon began to drift back for want of support.

This was reflected in the Financial Times Ordinary share index which turned a gain of 1.4 at the first calculation to a fall of 0.4 an hour later and drifted off further to close 4.1 down on the day at 1012.4.

Distillers and **Allied Lyons**, the current speculative favourites in the leaders, both traded on a quieter note. **Thorn EMI** provided one of the few early bright spots following news of the bid for Thames TV from Carlton Communications.

Elsewhere, weekend newspaper comment resulted in the occasional firm feature, while companies due to announce trading statements shortly created pockets of interest. Overall, however, conditions were extremely quiet and many secondary issue rarely strayed from previous closing levels.

Government securities lost their recent upward momentum as the market cautiously awaited today's money statistics. In common with equity markets, interest was at a low level, but a few nervous offerings left quotations ⅛ to ½ lower throughout the list.

Irish banks firm

Irish Banks went sharply better on reports of fresh developments which may involve the spreading of the debts of the Insurance Corporation of Ireland. **Allied Irish** touched 165p prior to closing a net 19 up at 162p, while **Bank of Ireland** closed 10 higher at 345p, after 350p. The major clearers began firmly, anticipating good news about third world debt, but subsequently drifted off to close with small irregular movements.

Life Insurances failed to capitalise on a firm opening and closed virtually unchanged. **Refuge**, however, were excited by the recent disclosure of Bank of Nova Scotia's 5 per cent holding and gained 25 to 380p.

Both newcomers to the Unlisted Securities Market made satisfactory debuts. Specialist printers **Cowells** opened at 96p and settled at 95p compared with the placing price of 88p, while computer systems and maintenance group **Radius** started at the placing price of 95p and moved up to 98p.

Breweries gave ground across the board in the absence of fresh speculative activity. **Allied-Lyons**, still awaiting confirmation of Elders' intentions, slipped 5 to 286p, while **Bass** fell 4 to 598p. **Matthew Brown**, aided by a "buy" recommendation from Wood Mackenzie, hardened a few pence to 438p, but **Vaux** shed 5 to 360p. A late flurry of support was evident for **Distillers** which rebounded from an earlier 415p to close a net penny dearer at 423p.

Leading Buildings continued to attract selective buying interest. **Taylor Woodrow** firmed 4 afresh to 482p and **George Wimpey** added 3 to 134p, while **RMC** rose 6 to 432p and **Tarmac** 4 to 342p. Elsewhere **Ibstock Johnsen** hardened a couple of pence to 154p following half-year profits at the top of market estimates. **John Maunders** found support ahead of Thursday's annual results and gained 8 to 132p. **Countryside** remained a firm market on talk of a possible bid from C. H. Beazer and put on 4 more to 318p, but profit-taking clipped that amount from recently-firm **Derek Crouch** at 108p and left **Attwoods** similarly lower at 111p. **Meyer International** were a penny dearer at 147p following news of the agreed acquisition of Powell Duffryn's timber and builders' merchants subsidiary for £18.65m. **Ben Bailey**, still reflecting the poor annual figures, shed 2 more to 21p. **Turriff** fell 25 to 140p on the dismal half-year figures.

Among Chemicals, **Blagden Industries** rose 7 to 110p, after 113p, following favourable Press comment, while floor coverings concern **James Halstead** firmed 2 to 98p in response to the good annual results and confident statement.

Optimism about the coming Christmas season failed to inspire leading Stores which drifted gently lower in subdued trading. **Burton**, due to reveal annual results next month, fell 7 for a two-day fall of 15 at 525p, while **British Home Stores**, interim figures due Wednesday week, eased 4 to 305p. **Sears** eased the turn to 111p in front of today's half-timer which is expected to show pre-tax profits around the £70m mark.

Real Time react

Electricals failed to capitalise on a quietly firm start and thereafter, drifted to close with modest losses for choice. **British Telecom** gave up a couple of pence as a number of investors switched their holdings into **Cable and Wireless**; the latter, buoyed by a bullish note from brokers James Capel, touched 598p but later reverted to the pre-weekend level of 590p. **Real Time Control**, extremely firm late last week, encountered profit-taking and quickly fell to 75p before settling a net 25 lower at 80p. **Process Systems**, in contrast, advanced 5 to 96p, after 98p, following a "buy" recommendation from brokers de Zoete and Bevan. **Apricot Computer** remained a favour and added 3 more at 88p, as did **Acorn** at 73p; the latter's annual figures are expected this Friday. **Comcap** improved 11 to 218p awaiting today's interim statement.

TI attracted good support in early trading and touched 394p before profit-taking left the shares only 2 up on balance at 390p. Elsewhere in the Engineering sector **Vosper** improved 6 to 186p still boosted by compensation hopes, while takeover speculation prompted further demand for **Porter Chadburn**, up 7 to 267p. **Hallite** advanced 12 to 212p, also helped by bid rumours. **Ash and Lacy**, scheduled to announce interim results on Monday, edged up 3 to 338p. Favourable Press comment prompted support for **Brasway**, 4 higher at 72p.

Argyll Group encountered profit-taking in the absence of any takeover developments and shed 8 to 335p, while recently-firm **Dee Corporation** gave up 7 to 235p. Elsewhere in the Food sector, **Northern Foods** lost 4 to 268p on talk of yet another broker's profits downgrading. Nervous selling in front of tomorrow's interim figures left **Slaters Food** 13 lower at 140p, but revived speculative buying in a restricted market lifted **Whitworths** 17 to 102p.

Internationals mixed

International stocks in the miscellaneous industrial sector traded quietly throughout and closed with small irregular movements. **Beecham** drifted off in the late dealings to close a couple of pence cheaper at 298p, but **Hanson Trust** added that much, to 208p, as the company announced that it had increased its stake in SCM Corporation of the U.S. **Glaxo** gave up ⅛ to £13⅛, but **Reckitt and Colman** improved 7 to 562p. Elsewhere, Irish building and property concern **Abbey** firmed 2 to 92p following a shares and cash bid worth £19.5m from **French Kier**, unchanged at 189p. **Dufay Bitumastic** gained 9 to 58p on the intimated offer worth aproximately 57p per share from **Kalon**; the latter also revealed interim results yesterday and settled 1½ down at 25½p, after 28p. **Philip Harris** shed 8 to 170p; William Canning, mentioned as a possible bidder for PH, has sold its entire stake. **Parker Knoll A** rose 12 to 214p in response to favourable press comment, while **Fothergill and Harvey** firmed 4 to 162p awaiting today's half-timer. **Cannon Street Investments** added 3 to 63p on the good interim results and confident statement.

Leisure Investments gained 5 to 36p, after 38p, in reply to the good annual results and encourging statement.

Publishers were irregular. **Home Counties** gave up 11 to record a two-day decline of 23 at 125p in the wake of the poor half-timer. In contrast, **Trinity International** hardened a few pence to 241p after a press mention, while sporadic demand in a narrow market lifted **A. & C. Black** 30 to 350p. Dealings in **Carlton Communications** were suspended at 820 following confirmation that the company is currently involved in negotiations for the purchase of Thames Television. The news also stimulated activity in **Thorn EMI** and **BET**, which control around 46 per cent and 48 per cent of Thames respectively; Thorn touched 380p before reverting to unchanged at 367p, while the latter also finished below the best at 315p—a net gain of 3. Among advertising agencies, **Lowe Howard-Spink** spurted to a new peak of 318p before closing 13 up on balance at 308p after press comment.

The Property sector's recent strong run faltered in the absenc strong run faltered in the absence of further buying interest. Among secondary issues, **Marler Estates** were marked up to 175p following the annual results and asset valuation, but subsequent profit-taking left the close unchanged on balance at 155p.

Textiles highlighted **S. Jerome** which were marked 11 higher to 64p in response to the better-then-expected first-half profits and increased interim dividend. **Lister** firmed a couple of pence to 63p after a favourable press mention.

Among Financials, **Britannia Arrow** eased a penny to 105p; Guinness Peat now controls just over 28 per cent of the equity. **Close Bros**, revealed a 60 per cent expansion in full-year profits, advanced 15 to 253p.

Oils easier

Business in the oil majors contracted to minimal levels. Quotations were marked down at the opening and continued to drift until the early afternoon when modest U.S. interest prompted a small rally. However, this quickly petered out and prices fell back to close around the day's lowest levels. **BP** and **Shell** ended the session down 5 apiece at 545p and 695p respectively. **Ultramar** lost a similar amount to 205p. **Tricentrol** eased 4 to 193p and **LASMO** fell 3 to 270p.

Falcon Resources featured in second oils and dropped 7 to 43p following disappointment with the interim figures and accompanying statement. Awaiting a drilling report from the North Sea, **Sun (UK) Royalty** lost 10 to 175p.

Quiet mines

Interest in the mining market remained at a low ebb. South African Golds mirored another drab performance by the bullion price, which after opening a couply of dollars lower—around $325 staged a minor rally to close little changed on the day at $326.5 an ounce. Dealers marked Golds lower at the outset, in line with the trend in U.S. markets on Friday night, and quotations continued to drift easier throughout most of the morning session before steadying around midday on the appearance of modest interest from Johannesburg. Share prices showed little or no movement during a subdued afternoon's business. The Gold Mines index posted a 0.2 improvement at 287.4.

Price changes among the leading Golds were generally restricted to around ¼ in either direction but **Southvaal** proved an exception and ran back ¾ to £21¼. **Western Deep** edged up ¼ to £22⅝ as did **Randfontein**, £54. Firm spots in the cheaper priced issues included **Stilfontein**, which rose 23 to 496p and **Blyvoor**, 16 up at 375p.

In a mixed South African Financials sector "**Amcoal**" settled a point firmer at £44¼, and **Gencor** rose 25 to 675p. "**Johnnies**" rallied £4 to £58 in a thin market.

Lack of interest was responsible for modest falls in the UK-domiciled Financials where **Rio Tinto-Zinc** gave up 3 to 547p.

The strong performance by Australian mines on Friday proved a short-lived affair with many of the leading issues retreating on profit-taking. **CRA** lost 6 to 292p, while losses of 3 were common to **MIM Holdings**, 124p and **Wesetern Mining**, 193p. **Bond Corporation** were an exception and made further progress to close 4 higher at a year's best of 107p; the company is rumoured to be seeking a major UK acquisition.

In Golds **Central Norseman** fell 10 to 403p, as did **Gold Mines of Kalgoorlie**, 495p, but **Sons of Gwalia** proved a resilient market and hardened 3 to 154p. Diamond exploerer **Gem Exploration** improved 2 to 36p.

FINANCIAL TIMES STOCK INDICES

	Oct. 7	Oct. 4	Oct. 3	Oct. 2	Oct. 1	Sept. 30	year ago
Government Secs.	84.16	84.31	84.08	84.06	83.96	83.91	80.96
Fixed Interest	89.89	89.85	89.75	89.73	89.62	89.49	84.77
Ordinary ♥	1012.4	1016.5	1010.9	1012.5	1004.8	999.4	866.6
Gold Mines	287.4	287.2	281.7	291.4	290.2	297.7	561.8
Ord. Div. Yield	4.71	4.69	4.71	4.58	4.75	4.77	4.84
Earnings, Yld. %(full)	11.52	11.47	11.54	11.23	11.62	11.69	11.55
P/E Ratio (net) (*)	10.74	10.79	10.75	11.03	10.66	10.61	10.40
Total bargains (Est.)	21,718	21,169	20,792	21,299	21,426	20,428	18,220
Equity turnover £m.	—	411.11	411.76	486.91	370.05	277.47	245.41
Equity bargains	—	18,797	18,518	18,120	17,891	16,310	16,471
Shares traded (ml)	—	209.5	222.8	211.8	189.3	175.5	129.7

♥ 10 am 1017.9. 11 am 1018.3. Noon 1015.2. 1 pm 1014.6. 2 pm 1014.6. 3 pm 1015.0. 4 pm 1012.9.

Day's High 1018.5. Day's Low 1012.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.35.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.31 (4/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	89.89 (7/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (28/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Oct. 4	Oct. 3
Daily		
Gilt Edged Bargains	152.6	137.7
Equities Bargains	121.8	120.0
Equities Value	831.0	832.3
5 day Average		
Gilt Edged Bargains	134.7	131.7
Equities Bargains	118.9	121.5
Equities Value	767.0	758.1

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (68)

BRITISH FUNDS (3)
Treas. 3pc 1989 — Consols 4pc
INTL. BK. & O'SEAS GOVT. STLG. ISS. (3)
African Dev. Bk. 11¼pc Ln. 2010 — Malaysia 10¼pc Ln. 2009
Euro Inv. Bk. 10⅛pc Ln. 2004
CORPORATION LOANS (1)
Treas. 3pc 1990
GLC 6¼pc 1990-92
COM'WEALTH & AFRICAN LOANS (1)
N.Z. 7½pc 1983-86
LOANS (1)
Inv. in Ind. 11¼pc Uns. Ln. 1990
BANKS (2)
Allied Irish — First Pacific Finance
BREWERS (1)
Ruddle (G.)
BUILDINGS (9)
Baldwin (H. J.) — Lovell (Y. J.)
Berkeley Group — Newarthill
Bryant Hldgs. — Polypipe
Countryside Props. — Taylor Woodrow
Latham (J.)
CHEMICALS (2)
BASF AG — Delmar
STORES (4)
Bentalls — Habitat 8¼pc Cnv. 1998-2001
Brown (N.)
Goodman Bros.
Goodman Bros.
ELECTRICALS (1)
Oxford Instruments
ENGINEERING (6)
Adwest — Hallite
Beauford — Porter Chadburn
Brasway — Senior Engineering
HOTELS (1)
Inn Leisure
INDUSTRIALS (15)
Abbey — Euro Ferries 5pc Red. Pref.
Ashley Indl. Trust — Halma
BBA — Oakwood
Baird (William — Suter
Bodycote Internatl. — Unigroup
Cannon St. Invs. — West's Group Intl.
Dufay Bitumastic — Worthington (A. J.)
EIS
INSURANCE (1)
Allianz AG
LEISURE (2)
First Leisure — Leisure Investments
NEWSPAPERS (1)
Black (A. & C.)
PAPER (2)
Lowe Howard-Spink — Usher Walker
PROPERTY (2)
Compco — Scottish Metrop.
TEXTILES (3)
Lister — Toray
Stroud Riley Drum.
TRUSTS (4)
SPLIT Cap. — Baltic
Throg. Sec. Growth Cap. — Ivory & Sime
OILS (1)
Bell Resources
MINES (2)
Bond Corp. — Pelsart Resources

NEW LOWS (43)

AMERICANS (9)
Amax — Hospital Corp. Amer.
Amdahl — Inexco
Bellsouth — Lockheed
Cullinet Software — Southwestern Bell
Home Federal
CANADIANS (1)
Inco
BANKS (2)
Bus. Morts. Trust — Southern Bus. Leas'g
BUILDINGS (1)
Turriff Corpn.
CHEMICALS (1)
Allied Colloids
STORES (1)
Goldsmiths
ELECTRICALS (5)
Cranbrook Electronic — United Leasing
Klark-Teknik — Xyllyx
Murray Electronics
FOODS (1)
Glass Glover
INDUSTRIALS (5)
Baxter Travenol — Sharna Ware
Central Sheerwood — Whatman Reeve Ang.
Quotron Systems
NEWSPAPERS (1)
Home Counties News.
PAPER (2)
Aldcom Internatl. — Chapman Inds.
PROPERTY (1)
Control Securities
TRUSTS (2)
Indl. Fin. & Inv. — Investment Co.
OILS (4)
Gt. Western Res. — Sceptre Resources
Pict Petroleum — Warrior Resources
PLANTATIONS (1)
Anglo-East Plants.
MINES (6)
Kinross — Anglo American Coal
S.A. Land — Rand London
Winkelhaak — Asia Oil & Minerals

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
95	F.P.	—	103	98	AMS Inds. 5p	101		b61.25	5.0	1.7	18.4
—	F.P.	9/10	7	6	Bardsey Pfd. Ord.	7		—	—	—	—
185	100	1/11	148	117	Britoil 10p	130	+2	t15.0	5.0	5.6	6.2
90§	F.P.	—	105	95	✤Colorgen Inc. $0.01	104	+1	—	—	—	—
125§	F.P.	—	135	130	✤Counter Products 5p	130		bg1.75	3.7	1.9	18.3
§88	F.P.	—	95	96	✤Cowells	95		bg2.6	2.6	3.9	11.9
75§	F.P.	—	76	73	✤Electronic Data 5p	73	−2	bg1.6	4.3	3.1	11.0
‖	F.P.	22/10	123	93	Greenwich Resources	93		—	—	—	—
§94	F.P.	30/10	98	78	✤InfraRed $0.10	88	−2	Q8.15c	—	1.8	—
§20	F.P.	27/9	29	25	✤Israel (Jack L.) 4p	27		b0.5	2.3	2.6	22.0
§62	F.P.	8/11	63	60	✤Just Rubber 10p	58		b1.74	3.2	4.3	8.4
§79	F.P.	8/11	87	80	✤Kewill Systems 5p	81	+1	g1.2	4.3	2.1	15.8
100	50	13/11	47	43	Nat. Home Loans 75p	47		—	—	—	—
§180	F.P.	25/10	184	165	✤Questel 10p	170	−5	bg4.0	3.5	3.4	12.2
§85	F.P.	—	97	98	✤Radius 5p	98		bg1.8	4.6	2.2	14.1
¶330	F.P.	—	383	343	St. Ive's 10p	375	−8	bg8.0	3.1	3.0	15.3
*	F.P.	—	17	15	Vantage Secs. Wrnts	16		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
87.305	£30	—	31¼	29⅝	Australia 9½% Ln. 2012	31¼	…
§91.445	£30	17/1	29¼	27½	Bank of Greece 10¼% Ln. 2010	27¾	…
§96.486	£25	27/11	27⅝	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2025	27⅝	…
§£10	100	—	10¾	10¼	Eastbourne Water 11.2% Red Deb. 2005/8	10¾	…
§98.324	£40	3/12	45¾	40¾	Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2016	45¾	…
§97.817	£25	31/1	27⅝	25¾	Evans of Leeds 11% 1st Mort. Deb. 2025	27⅝	…
88.465	£30	24/1	32	29⅝	Intl. Bk. for Rec. & Dev. 9⅛% Ln. 2010	32	…
§100	F.P.	—	95	84½	✤Memory Comp. 7.8% Cnv. R. Pf. 1994/6	94½	…
100	£50	—	50	47¾	Nat. Home Loans 8% Cnv. Uns. Ln. 2005	48	…
—	F.P.	—	100⅛	99¼	Nationwide 11¾% Bds. 15/9/86	100	−⅛

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
DM190	Nil	—	90pm	55pm	BASF A.G. DM 50	63½pm	+1½
48	Nil	22/11	17pm	14pm	Burns-Anderson 10p	14pm	…
85	F.P.	11/11	118	105	City Site Estates	115pm	…
165	Nil	6/11	33pm	15pm	DRG	26pm	−5
210	F.P.	22/11	260	245	Emess Lighting	260	…
11	Nil	11/11	¼pm	¼pm	Greenfield Stacks 10p	¼pm	…
5	Nil	30/10	8pm	3pm	Howard & Wyndham 5p	8pm	…
10	Nil	12/11	¾pm	¼pm	✤Humberside Elect. 20p	¼pm	…
225	Nil	—	78	73	MI Hldgs.	73	…

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ✤ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 7	Oct 18	Jan 9	Jan 20
Oct 21	Nov 1	Jan 23	Feb 3
Nov 4	Nov 15	Feb 6	Feb 17

For rate indications see end of Unit Trust Service

Call options were taken out in STC, C. H. Bailey, Eglington Oil and Gas, GEC, Bristol Channel Ship Repairers, Falcon Resources, Sun Oil Royalties, Vosper, Equity and General and Carr's Milling. A put was done in Bernard Matthews, but no doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	85	18
Corpns. Dom. and Foreign Bonds	10	11	61
Industrials	292	298	903
Fin. and Props.	76	106	377
Oils	14	25	88
Plantations	0	8	12
Mines	47	48	90
Others	62	57	80
Totals	505	635	1,629

ACTIVE STOCKS YESTERDAY

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	233	—
Blagden Industries	110	+7
Brit. & Com. Shipping	262	+10
British Telecom	195	−2
Exco International	207	+2
Lowe Howard-Spink	308	+13
Norsk Data A	£34¼	−0⅝
Real-Time Control	80	−25
Refuge	280	+25
Ruddle (G.)	175	[illegible]
Slaters Food	140	−13
Whitworth's Food	102	+17

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
St. Ives	17	383	+25
Glaxo	16	£13½	+½
AMS Inds.	15	101	—
Imperial Group	14	207	+11
Apricot Comps.	13	85	+7
BAT Inds.	13	271	+6
Euro. Ferries	13	134½	+7
NatWest Bank	13	637	+14
Baltic	12	272	+12
Cable & Wire.	12	590	+15
Real Time Ctrl.	12	105	+30
Thorn EMI	12	367	−2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon Oct 7 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Oct 4 Index No.	Thurs Oct 3 Index No.	Wed Oct 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	517.47	—	11.13	4.37	11.27	12.55	517.46	515.90	516.88	528.35
2	Building Materials (22)	553.62	+0.3	11.83	4.82	10.53	14.25	551.70	548.20	547.08	461.73
3	Contracting, Construction (28)	857.90	+0.6	11.88	4.86	10.69	23.79	852.99	847.46	844.53	670.99
4	Electricals (13)	1477.87	+0.2	10.87	5.18	11.78	37.33	1474.23	1459.76	1451.88	1556.22
5	Electronics (39)	1244.03	−0.2	12.21	3.62	10.80	30.27	1246.24	1251.21	1267.82	1973.02
6	Mechanical Engineering (61)	303.22	−0.4	11.04	4.72	10.98	7.93	304.31	303.94	305.27	260.06
8	Metals and Metal Forming (7)	283.97	−0.6	12.83	7.81	9.67	5.75	285.27	284.85	285.43	156.28
9	Motors (16)	173.50	−0.3	13.27	4.91	9.15	4.90	173.97	173.09	172.18	132.51
10	Other Industrial Materials (20)	960.61	+0.2	7.80	3.76	15.38	16.54	958.68	950.30	942.91	711.59
21	CONSUMER GROUP (177)	700.59	−0.6	9.08	3.78	13.81	14.17	704.53	698.50	695.65	540.34
22	Brewers and Distillers (23)	738.68	−0.4	9.35	3.91	13.58	13.91	741.88	732.68	726.44	586.89
25	Food Manufacturing (22)	497.98	—	11.89	4.92	10.87	13.64	498.14	494.86	493.74	419.59
26	Food Retailing (14)	1643.02	−0.8	6.03	2.55	22.46	22.79	1656.85	1648.84	1617.82	1276.94
27	Health and Household Products (9)	1049.31	−0.6	6.61	2.85	17.76	11.95	1055.13	1047.57	1041.11	923.68
29	Leisure (23)	693.48	−0.4	8.25	4.80	15.90	22.97	696.31	695.44	688.58	585.37
32	Newspapers, Publishing (12)	1860.32	−0.2	8.26	4.54	15.61	49.97	1864.66	1858.92	1856.60	1209.87
33	Packaging and Paper (13)	350.85	−0.2	10.22	4.38	11.67	8.05	351.42	352.71	355.80	251.08
34	Stores (42)	727.91	−0.9	7.85	2.94	19.19	10.19	734.85	738.94	732.42	478.60
35	Textiles (16)	341.66	−0.2	12.71	4.90	8.95	8.08	342.43	337.79	338.88	279.75
36	Tobaccos (3)	757.00	−0.6	17.81	5.93	6.48	30.77	761.49	737.94	740.85	723.33
41	OTHER GROUPS (99)	687.58	−0.4	9.29	4.15	13.94	15.15	690.11	686.67	690.46	488.19
42	Chemicals (19)	659.41	−0.4	14.93	5.77	8.85	25.73	662.16	663.21	664.80	640.78
44	Office Equipment (4)	204.04	−0.2	7.86	4.29	15.18	5.79	204.50	205.37	206.60	140.48
45	Shipping and Transport (11)	1240.55	−0.2	7.64	4.33	16.15	36.20	1242.66	1230.88	1217.51	859.70
46	Miscellaneous (63)	844.55	+0.1	7.63	3.85	16.10	15.26	843.42	843.70	846.54	671.86
48	Telephone Networks (2)	895.54	−0.7	8.30	3.62	16.07	14.38	901.95	891.93	901.54	0.0
49	INDUSTRIAL GROUP (482)	655.84	−0.4	9.62	4.02	13.14	14.22	658.31	654.17	654.11	533.18
51	Oils (18)	1152.15	−0.8	16.33	7.60	7.51	60.06	1160.90	1157.69	1167.68	1128.65
59	500 SHARE INDEX (500)	697.67	−0.4	10.49	4.48	11.98	17.88	700.64	696.56	697.28	582.41
61	FINANCIAL GROUP (115)	483.62	−0.2	—	5.00	—	14.44	484.41	479.25	475.74	398.62
62	Banks (6)	476.40	+0.5	18.81	6.21	7.60	20.18	474.09	462.23	458.10	395.26
65	Insurance (Life) (9)	747.91	—	—	4.52	—	21.55	747.69	736.85	735.29	515.13
66	Insurance (Composite) (7)	355.88	−0.3	—	5.54	—	9.88	356.94	358.88	354.48	292.58
67	Insurance (Brokers) (7)	1096.02	−0.4	7.76	3.95	17.21	28.42	1100.62	1109.58	1108.51	849.96
68	Merchant Banks (11)	252.18	−1.0	—	4.47	—	5.80	254.84	252.74	251.01	207.28
69	Property (51)	679.39	−0.7	5.53	3.55	24.21	11.72	684.17	680.35	674.85	611.95
70	Other Financial (24)	285.79	−0.2	10.48	5.78	11.76	18.37	286.36	280.86	279.07	251.51
71	Investment Trusts (107)	588.69	—	—	3.59	—	11.69	588.79	589.24	588.89	537.93
81	Mining Finance (3)	248.16	−0.2	13.16	6.26	8.86	8.37	248.71	249.05	252.69	281.64
91	Overseas Traders (14)	571.48	−0.2	13.54	6.97	8.79	24.01	572.37	571.27	569.82	602.57
99	ALL-SHARE INDEX (739)	635.65	−0.4	—	4.56	—	16.67	637.94	634.02	633.87	535.83

	Index No.	Day's Change	Day's High	Day's Low	Oct 4	Oct 3	Oct 2	Oct 1	Sept 30	Year ago
FT-SE 100 SHARE INDEX	1306.9	−6.1	1315.0	1306.9	1313.0	1305.3	1305.4	1296.0	1290.0	1139.8

FIXED INTEREST

	PRICE INDICES	Mon Oct 7	Day's change %	Fri Oct 4	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.51	−0.03	119.54	—	9.10
2	5-15 years	134.40	−0.21	134.69	—	10.43
3	Over 15 years	140.04	−0.15	140.25	—	9.92
4	Irredeemables	153.67	+0.06	153.58	—	8.90
5	All stocks	131.82	−0.14	132.01	—	9.97
6	Debentures & Loans	113.94	+0.10	113.82	—	8.47
7	Preference	82.38	+0.01	82.37	—	5.44
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	112.17	−0.12	112.31	—	2.46

	AVERAGE GROSS REDEMPTION YIELDS		Mon Oct 7	Fri Oct 4	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.80	9.78	11.08
2		15 years	10.05	10.02	10.47
3		25 years	10.06	10.03	10.03
4	Medium Coupons	5 years	10.63	10.58	11.62
5		15 years	10.37	10.35	10.84
6		25 years	10.05	10.05	10.20
7	High Coupons	5 years	10.70	10.65	11.64
8		15 years	10.51	10.48	11.00
9		25 years	10.18	10.19	10.30
10	Irredeemables†		9.70	9.70	9.89
11	Debs & Loans	5 years	11.18	11.15	12.08
12		15 years	11.14	11.15	11.87
13		25 years	11.09	11.15	11.74
14	Preference†		11.89	11.89	13.09
15	Inflation rate	5%	3.52	3.51	3.52
16		10%	3.34	3.33	3.33

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	—	—	8	25	—	—	$327
GOLD C	$340	72	5	3	13	—	—	"
GOLD C	$360	100	1.20	1.45	6.60	—	—	"
GOLD P	$300	5	1	—	—	62	6	"
GOLD P	$320	15	4	13	7.50	—	—	"
		Dec.		March		June		
SILVER C	$600	5	60	—	—	—	—	$632
SILVER C	$650	51	25	—	—	—	—	"
SILVER C	$700	—	—	—	—	10	35	"
$/FL C	Fl.290	5	12.20	35	14.50 B	—	—	Fl.298.80
$/FL C	Fl.295	—	—	—	—	20	14.50 B	"
$/FL C	Fl.300	46	6.50	30	9.80	12	12.20	"
$/FL C	Fl.305	44	4.80	10	8.50	—	—	"
$/FL C	Fl.310	8	3.40 A	6	7	—	—	"
$/FL C	Fl.315	22	2	35	5.80	12	7.30	"
$/FL C	Fl.320	32	1.80	25	4.50	5	5	"
$/FL C	Fl.325	54	1.30	—	—	—	—	"
$/FL C	Fl.340	400	0.60	—	—	—	—	"
$/FL P	Fl.290	203	5.70	20	11.10	125	14.50	"
$/FL P	Fl.295	63	8A	—	—	—	—	"
$/FL P	Fl.300	4	11 A	8	16.50	2	20	"
$/FL P	Fl.305	182	15.50	12	18	—	—	"
$/FL P	Fl.315	17	18.20	—	—	—	—	"
$/FL P	Fl.325	—	—	—	—	10	35	"
$/FL P	Fl.330	10	35.50 A	—	—	—	—	"
$/DM C	DM.295	500	0.70	—	—	—	—	Dm285.10
£/$ C	$145	250	3.20 A	—	—	—	—	$141.50
£/$ P	$155	250	2.40 A	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	Fl.520	38	0.50	152	6.50	—	—	Fl. 483.50
ABN P	Fl.480	206	3.20	180	11	5	14	"
AEGN C	Fl.90	456	0.90	345	3.60	55	6	Fl. 87
AEGN P	Fl.85	504	1.20	164	2.90	—	—	"
AH C	Fl.240	56	11.50	—	—	—	—	Fl.251.50
AH P	Fl.230	—	—	77	2	3	4.20	"
AKZO C	Fl.120	847	1.0	398	4.80	215	7.90	Fl.117.20
AKZO P	Fl.120	1140	3.60	543	6.20	114	7.80 A	"
AMRO C	Fl.85	27	0.40	96	3.30	11	4.50 A	Fl. 82.80
AMRO P	Fl.85	148	2.20 A	21	4.50	3	4.60	"
GIST C	Fl.220	91	0.80	141	7	11	13	Fl.216
GIST P	Fl.210	54	1.20	12	4.70	5	4.80	"
HEIN C	Fl.160	113	2.90	85	6.80	49	10.50	Fl.160.50
HEIN P	Fl.160	230	2 B	37	4.50	3	5.50	"
HOOG C	Fl.60	236	0.90	309	3.10	55	4.70	Fl. 59.90
HOOG P	Fl.60	324	1.60	265	3.10	46	3.70	"
KLM C	Fl.60	554	0.10	1064	1.30	43	2.60	Fl. 51.40
KLM P	Fl.55	773	4	431	5.50	25	5.80	"
NEDL C	Fl.190	34	0.80 A	39	6	2	11.50	Fl.182.50
NEDL P	Fl.170	12	0.40	50	2.20	—	—	"
NATN C	Fl.70	121	1.50	2	4.60	98	5	Fl. 70.80
NATN P	Fl.75	371	4.40	357	4.50	—	—	"
PETR C	Fr.6500	10	40	—	—	—	—	Fr.6260
PHIL C	Fl.50	486	0.20	697	1.30	202	2.40	Fl. 46.20
PHIL P	Fl.46	101	0.50	455	1.80	78	2.10	"
RD C	Fl.200	178	0.10	451	3.10	6	6	Fl.186.60
RD P	Fl.190	491	3.30	588	6.10	10	7	"
ROBE C	Fl.75	11	1	—	—	—	—	Fl. 76
ROBE P	Fl.75.50	—	—	10	2.20	—	—	"
UNIL C	Fl.320	61	3.80 A	31	11.60	—	—	Fl.318
UNIL P	Fl.320	329	4.40	157	12	10	15	"

TOTAL VOLUME IN CONTRACTS: 36,212
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*546)	500	48	63	73	1	7	14
	550	9	33	43	17	25	33
	600	1½	13	20	60	60	63
Cons. Gold (*424)	390	40	54	70	1½	7	13
	420	15	37	50	9	28	37
	460	4	16	30	44	48	55
	500	1½	7	16	82	82	85
Courtaulds (*156)	120	38	42	44	1	1	1½
	130	28	32	34	1	2	3
	140	18	22	26	1	4	4
	160	3½	8½	14	6½	9	11
Com. Union (*227)	180	49	—	—	1	—	—
	200	29	37	44	1	4	9
	220	10	20	27	3	9	15
	240	2	10	14	16	20	26
G.E.C. (*158)	140	18	26	32	2	4	6
	160	4	14	18	10	11	14
	180	1½	6	11	30	30	30
Grand Met. (*340)	280	65	73	78	1	3	5
	300	45	57	62	2	6	8
	330	18	33	42	6	10	15
	360	3	12	19	22	26	30
I.C.I. (*644)	600	50	72	82	3	8	16
	650	17	46	57	20	27	37
	700	2½	20	30	60	60	72
	750	1	12	—	110	110	—
Land Sec. (*306)	260	52	56	—	0¼	2	—
	280	32	37	44	1	3	4
	300	13	22	30	2	6	10
	330	2	8	15	23	24	25
Marks & Sp. (*168)	120	48	—	—	0½	—	—
	130	38	41	45	0½	2	3
	140	28	32	36	0½	4	5
	160	9	14	18	3	7	9
Shell Trans. (*693)	650	50	67	78	2	7	13
	700	11	36	43	17	27	37
	750	1½	12	22	60	60	65
Trafalgar Hse (*353)	325	32	—	—	2	—	—
	330	—	35	40	—	5	8
	353	9	—	—	7	—	—
	360	—	20	27	—	21	26
	385	2	—	—	32	—	—
	390	—	9	15	—	40	40

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*270)	260	20	33	40	6	11	17
	280	7	20	28	18	23	32
	300	3	10	16	33	35	43
	330	1	4	8	62	65	68
Barclays (*384)	355	57	—	—	2	—	—
	360	—	52	65	—	8	13
	385	20	—	—	20	—	—
	390	—	30	41	—	27	32
	420	—	12	—	—	45	—
Brit. Aero (*425)	330	100	110	120	1	2	3
	360	70	80	90	1	4	6
	390	45	55	68	3	9	17
	420	25	37	47	13	26	30
	460	7	—	—	40	—	—
BritTelecom (*196)	170	28	—	—	1	—	—
	180	19	22	27	2½	5	7
	200	6	12	15	9	13	15
	220	1	3½	7	26	28	30
Imperial Gr. (*205)	160	48	56	69	1½	2½	3
	180	29	38	40	2½	6	8
	200	14	24	26	7	12	15
	220	6½	—	—	19	—	—
LASMO (*270)	240	38	46	—	3	9	—
	260	23	35	45	8	20	20
	280	15	25	33	17	27	32
	295	8	—	—	28	—	—
	300	—	15	20	—	40	45
Lonrho (*150)	140	14	19	21	1½	4½	6½
	160	3	7½	9½	13	14	16
	180	1½	3	—	32	32	—
P. & O. (*425)	360	70	80	—	1½	3	—
	390	45	53	60	3	8	12
	420	22	35	42	12	20	25
Racal (*142)	120	28	34	—	2	3	—
	130	20	26	34	3	7	10
	140	14	18	26	9	12	15
	160	6	12	18	22	24	24
	180	1	6	10	40	40	40
R.T.Z. (*549)	500	60	72	—	3	15	—
	550	19	38	52	20	38	58
	600	6	16	25	68	70	74
	650	2	—	—	110	—	—
Vaal Reefs (*$65)	60	7½	12½	14¼	2	5	8
	70	3¼	7	9½	8½	10	13
	80	1½	3¾	5¼	17	18½	19½
	90	1	2¾	—	25	26½	—
	100	0¾	1	—	—	36½	—
Ex10% 1989 (*£98)	92	6½	—	—	0⅛	—	—
	94	4½	4⅛	—	0⅛	0⅛	—
	96	2½	2¾	—	0⅛	0¼	—
	98	0⅞	1⅛	—	0⅝	0½	—
	100	0⅛	0⅛	—	1⅞	1⅞	—
Tr 11¾% 1991 (*£105)	102	—	—	3	—	—	0⅛
	104	—	—	1¼	—	—	1⅛
	106	—	—	0⅝	—	—	2⅛
Tr. 11¾% 03/07 (*£112)	106	5⅞	6⅛	—	0⅛	0⅛	—
	108	3⅞	4⅛	4⅞	0⅛	0⅜	0⅞
	110	2⅛	2⅞	3⅛	0⅜	0⅞	1⅜
	112	0⅞	1⅛	2	1⅛	1½	1⅞

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
BTR (*363)	300	65	72	—	4	8	—
	325	42	—	—	5	—	—
	330	—	50	58	—	15	20
	350	30	—	—	18	—	—
	360	—	26	40	—	33	38
	375	17	—	—	30	—	—
Beecham (*300)	300	16	27	35	14	20	25
	330	6	16	20	32	38	43
	360	4	6	—	62	65	—
	390	1½	—	—	92	—	—
Bass (*599)	500	112	122	—	3	7	—
	550	62	77	90	8	13	20
	600	30	42	52	20	27	37
De Beers (*$4.32)	420	40	55	60	28	35	40
	460	17	32	45	43	55	60
	500	8	20	—	80	87	—
	550	2	9	—	130	132	—
GKN (*234)	200	41	48	—	3	4	—
	220	23	32	39	6	8	10
	240	10½	19	24	14	15	19
Glaxo (*1343)	1200	160	205	—	10	23	—
	1250	120	160	175	17	35	50
	1300	95	130	140	35	45	70
	1350	60	85	110	70	85	105
Hanson (*208)	180	32	36	41	3	5	7
	195	19	—	—	7	—	—
	200	—	24	29	—	11	15
	215	9	—	—	15	—	—
	220	—	12	19	—	23	26
Jaguar (*272)	240	41	46	—	3	6	—
	260	26	30	40	8	12	14
	280	18	21	28	20	25	29
	300	10	12	—	31	54	—
	330	3	—	—	60	—	—
Tesco (*288)	215	60	—	—	1½	—	—
	235	40	—	—	3	—	—
	240	—	46	56	—	7	10
	255	23	—	—	6	—	—
	260	—	35	38	—	11	15
	280	9	15	—	16	18	—

Option		Calls Oct	Calls Nov	Calls Dec.	Calls Jan.	Puts Oct.	Puts Nov	Puts Dec.	Puts Jan.
FT-SE Index (*1308)	1200	—	—	117	—	—	—	5	—
	1250	62	72	72	—	2	5	13	—
	1275	37	45	—	67	7	12	—	22
	1300	22	30	58	50	15	25	30	40
	1325	8	17	—	33	30	37	—	55
	1350	3	9	18	—	50	53	37	—

October 7 Total Contracts 7,208 Calls 5,216 Puts 1,992
*Underlying, security price.

WORLD STOCK MARKETS

AUSTRIA

Oct. 7	Price Sch%	+ or —
Creditanstalt	366	—4
Goesser	520	+1
Interunfall	1,600	+20
Laenderbank	340	—11
Perlmooser	636	......
Steyr-Daimler	166	+2
Veitscher Mag	710	—20

BELGIUM/LUXEMBOURG

Oct. 7	Price Frs.	+ or —
B.B.L.	2,150	+30
Banq. Gen Lux	7,600	......
Banq. Int. A. Lux	7,300	......
Bekaert B	6,750	—10
Ciment CBR	2,805	+5
Cockerill	216	—1
Delhaize	8,100	+50
EBES	3,275	+45
Electrobel	9,360	+20
Fabrique Nat	2,045	+5
GB Inno BM	4,805	+35
GBL (Brux)	2,250	+35
Gevaert	4,350	+10
Hoboken	6,180	+10
Intercom	2,455	+5
Kredietbank	9,300	+10
Pan Hldgs.	9,450	......
Petrofina	6,250	......
Royale Belge	13,125	......
Soc. Gen. Banq	3,750	—10
Soc. Gen. Belge	1,950	+5
Sofina	7,650	+40
Solvay	5,480	+20
Stanwick Intl.	1,170	......
Tractionel	4,160	+10
UCB	5,170	+70
Wagon Lits	3,785	—10

DENMARK

Oct. 7	Price Knr %	+ or —
Andelsbanken	350	......
Baltic Skand	595	+20
CopHandelsbank	311	—1
D. Sukkerfab	505	......
Danske Bank	353	—1
De Danske Luft	1,480	......
East Asiatic	261	—3
Forenede Brygg	1,075	......
Forenede Damp	216	+2
GNT Hldg	655	—5
I.S.S.B.	639	+14
Jyske Bank	740	+10
Novo Ind B	1,255	+75
Privatbanken	314	—2
Provinsbanken	452	+16
Smidth (F.L) B	322	—2
Sophus Berend	1,105	......
Superfos	403	—3

FRANCE

GERMANY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

ITALY

NETHERLANDS

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm October 7

MONTREAL

Closing prices October 4

F—No voting rights or restricted voting rights.

Indices

NEW YORK—DOW JONES

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 37

NYSE COMPOSITE PRICES

Continued from Page 37

LONDON Chief price changes (In pence unless otherwise indicated)

RISES			
Allied Irish	182	+19	
Bank Ireland	345	+10	
Black (A&C)	350	+30	
Comcap	218	+11	
Dufay Bit	56	+9	
Hallite	212	+12	
Jerome (S)	64	+11	
Leisure Invest	36	+5	
Lowe Howard	308	+13	
Maunders (J)	132	+8	
Parker Knoll	214	+12	
Porter Chad	267	+7	
Process Sys	96	+5	
Refuge	380	+25	
Sparrow (GW)	48	+9	
Vosper	186	+6	

FALLS		
Argyll Group	335	−8
Falcon Res	43	−7
Home Coun	125	−11
Real Time Con	80	−25
Sun (UK)	175	−10

Prices at 3pm, October 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	9⅞	OccIP	wi			10	13¾	13¾	13¾	−⅛
111½	85⅞	OccIP	pf3.60	3.5		5	104¼	104	104	+¼
24¼	20⅝	OccIP	pf2.50	11.		6	22⅞	22½	22½	−⅜
27½	18⅞	OccIP	pf2.30	11.		3	20⅞	20⅞	20⅞	
57	46⅞	OccIP	pf6.25	12.		146	54⅛	53¾	53⅞	−¼
113	105¾	OccIP	pf15.50	15.		33	106⅞	106¾	106⅞	+⅛
110½	103⅞	Occi	pf14.62	14.		1	106¼	106¼	106¼	−⅞
29⅞	20	ODECO	1	4.9	17	79	20⅝	20½	20½	−¼
34¼	24⅞	Ogden	1.80	5.8	18	119	31	30½	30½	+¼
16⅞	12	OhioEd	1.88	13.	6	838	14⅝	14½	14⅝	
37	28¼	OhEd	pf4.44	13.		z200	35	35	35	
37¼	29	OhEd	pf4.56	12.		z300	36½	36	36½	+1½
60¼	45	OhEd	pf7.24	13.		z200	54½	54½	54½	−½
28	26⅛	OhEd	pf.67e	2.5		250	27¼	27¼	27¼	
29⅞	22¼	OhEd	pf3.50	12.		106	28½	28	28⅜	+½
31⅞	23½	OhEd	pr3.92	13.		45	30⅞	30⅝	30⅝	−⅛
16¼	13	OhEd	pf1.80	12.		23	15½	15¼	15½	+½
16⅞	11¼	OhMatr	.40	3.5	15	39	11⅝	11½	11½	−⅛
70	55⅞	OhP	pfB7.60	11.		z100	66½	66½	66½	+1¼
111½	99¼	OhP	pfA 14	13.		z200	110	109	110	+1½
113	100	OhP	pfF 14	13.		z190	111	111	111	+1¼
70	55⅝	OhP	pfD7.76	11.		z2580	68½	68½	68½	+¾
26⅞	21⅛	OklaGE	2	9.0	10	166	22¼	22	22⅛	
36¾	28⅞	Olin	1.50	4.5	13	438	33½	32¾	33	−⅜
10½	5¾	Omncre				35	6¼	6⅛	6⅛	−¼
[illegible]										
15¼	9¼	Pueblo	.16	1.3	10	185	12⅝	12⅜	12½	
8⅞	6	PR Cem			6	11	7⅛	7⅛	7⅛	
17	11¾	PugetP	1.76	12.	8	200	14¾	14½	14½	−⅛
21¾	11	PulteHm	.12	1.0	16	22	12⅝	12½	12½	−¼
31⅞	18	Purolat	.64	3.6		231	18¼	d17¾	17¾	−½
10¼	6⅞	Pyro			8	49	6⅞	6¾	6¾	
55½	33	QuakOs	1.40	2.5	15	728	u55¾	54½	55⅜	+1
105	91	QuaO	pf9.56	9.4		z4720	102	101⅞	102	+¾
23¾	16⅞	QuakSC	.80	3.9	18	127	20⅝	20¼	20½	−⅛
10½	6½	Quanex			20	162	6⅞	d	6¾	6¾

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Continued on Page 35

AMEX COMPOSITE PRICES

Prices at 3pm, October 7

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
Acton			28	1½	1½	1½	
AdRusl	.16	17	11	25½	25½	25½	−⅛
Adobe	.28	13	97	17⅞	17½	17½	−⅛
Aeronc			71	8	5⅞	5	5 −⅛
AffilPbs	.60	20	3	46⅞	46¼	46⅝	+⅜
AirCal		4	104	9⅞	9⅝	9⅝	+⅛
ArCalpf	1.20		20	11⅞	11¾	11¾	−⅛
Alphaln	.05	57	71	11⅛	10¾	10¾	−¼
Amdahl	.20	14	314	11¼	11	11⅛	+⅛
Alsrael		4	2	6⅞	6⅞	6⅞	+⅛
AMzeA	.52	39	3	12¾	12¾	12¾	
AMzeB	.52	37	6	12¼	12¼	12¼	−⅛
[illegible]							

Continued on Page 35

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
ADC Tl	4	18	18	18	−½
AEL	1	14½	14½	14½	+¼
AFG	41	17⅜	17¼	17¼	−½
ASK	4368	10⅝	7½	7¾	−2⅞
AcadIn .20	674	3	2¾	3	+¼
Acelrtn	219	9¼	8⅝	9¼	+½
AcuRay .24	132	26	25⅝	25⅝	−¼
AdacLb	44	1¾	1⅝	1⅝	−⅛
Adage	91	8	8	8	−⅛
AdvCir	149	9⅝	8⅞	9⅜	+⅜
Aequitn	37	3½	3⅜	3⅜	
AlIBsh .80	28	14¾	14⅝	14⅝	
[illegible]					

Continued on Page 35

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Weak bonds clip back confidence

WEAKNESS in the bond market dented confidence on Wall Street yesterday, leaving prices to struggle around last week's closing levels on reduced turnover, *writes Terry Byland in New York.*

An optimistic report on the U.S. economy from U.S. purchasing managers failed to distract investors from other concerns about the market's future.

Among these was the Senate's expected approval this week for a new federal debt ceiling which will open the way for a Treasury financing programme of around $50bn by the end of the year and is expected to place upward pressures on interest rates.

At 3pm the Dow Jones industrial average was down 8.74 at 1,320.0.

The first of the third-quarter profit statements came from Burroughs and provided a gloomy start to the season as the company warned of "substantially lower" earnings.

Burroughs dropped a further $1⅞ to $53, although selling pressure was less than in recent sessions. The company's problems did not upset the rest of the computer sector. IBM gained $¾ to $124¼ while Digital Equipment firmed $1½ to $108½, Control Data $¼ to $16⅝ and Honeywell $⅝ to $60⅞.

Gould, a recent takeover favourite, dropped $1⅞ to $35⅞ in heavy trading as the speculators backed out in the absence of a move by Siemens of West Germany.

Sperry, another speculative favourite, eased $⅛ to $49⅝.

The oil sector lost its recent firmness as plans by producer countries to increase output spelled lower prices. Losses were small. Exxon eased $⅛ to 51⅞ and Atlantic Richfield slipped $¾ to $62.

Pharmaceuticals traded cautiously, still waiting to see how the dollar will respond to multinational plans to lower its foreign exchange value. Merck, with a large portion of sales made in non-U.S. markets, gained $1 to $107⅝.

Warner-Lambert plunged $3⅛ to $35¼ in brisk trading after reports of problems in France over Maxicam, the company's anti-arthritic drug.

Health-care stocks showed further losses with Hospital Corporation of America down $1⅜ at $28⅜.

Monsanto, also in the medical sector, lost $3⅞ to $42⅞ on the disclosure that many lawsuits have been filed against its newly acquired subsidiary, G. D. Searle.

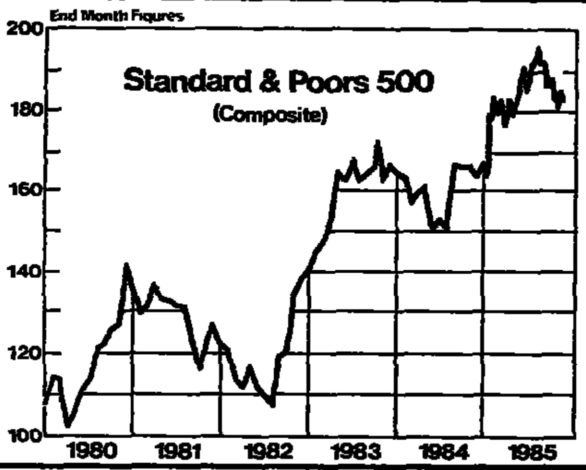
Chemicals showed a scattering of losses. Dupont was down $1 to $58½, and Dow Chemical lost $½ to $33⅞. Union Carbide eased $⅝ to $52¼ in light trading.

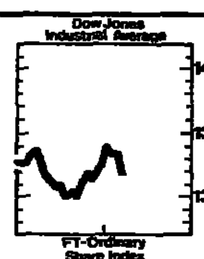
The recent takeover features played a more subdued role than in recent weeks. Revlon, the cosmetics group, gained $1½ to $55¼ in heavy turnover, to match the new $55⅝ terms from Pantry Pride. But SCM, at $72½, eased $⅛ in thin trading as the market awaited the outcome of the bid impasse. Hanson Trust of the UK holds almost a third of the stock, and the Merrill Lynch-led management group the remainder.

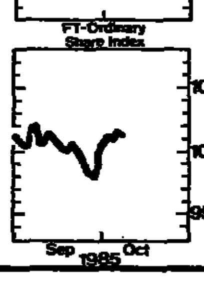
The long end of the bond market was unsettled by several factors and lost half a point. Once again, rumours that Mr Paul Volcker was leaving the Federal Reserve were firmly denied. Mr Volcker is Wall Street's favourite inflation fighter, and his departure from the Fed would be a bearish sign for bond prices.

Short-term rates moved little, reassured by a federal funds rate again safely below 8 per cent.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	Oct 7	Previous	Year ago
DJ Industrials	1,320.00*	1,328.74	1,182.53
DJ Transport	641.50*	647.24	515.03
DJ Utilities	153.83*	155.16	138.23
S&P Composite	181.87*	183.22	162.68
LONDON			
FT Ord	1,012.4	1,016.5	866.6
FT-SE 100	1,306.9	1,313.0	1,135.2
FT-A All-share	635.65	637.94	535.83
FT-A 500	697.67	700.64	582.41
FT Gold mines	287.4	287.3	561.8
FT-A Long gilt	10.18	10.19	10.27
TOKYO			
Nikkei-Dow	12,792.00	12,750.66	10,737.60
Tokyo SE	1,025.20	1,023.88	838.81
AUSTRALIA			
All Ord.	1,017.0	1,011.9	749.5
Metals & Mins.	n/a	530.5	462.8
AUSTRIA			
Credit Aktien	103.34	100.95	56.08
BELGIUM			
Belgian SE	2,525.85	2,514.2	–
CANADA			
Toronto			
Metals & Minls	1,854.6*	1,861.58	1,964.0
Composite	2,641.8*	2,646.32	2,366.2
Montreal			
Portfolio	128.32*	128.82	115.82
DENMARK			
SE	n/a	226.31	173.06
FRANCE			
CAC Gen	205.0	203.9	180.7
Ind. Tendance	115.1	115.2	97.0
WEST GERMANY			
FAZ-Aktien	545.31	541.02	384.88
Commerzbank	1,604.9	1,592.2	1,060.8
HONG KONG			
Hang Seng	1,617.76	1,587.44	974.17
ITALY			
Banca Comm.	n/a	411.23	215.04
NETHERLANDS			
ANP-CBS Gen	210.2	212.4	174.8
ANP-CBS Ind	185.5	187.9	136.5
NORWAY			
Oslo SE	373.65	371.98	253.87
SINGAPORE			
Straits Times	763.59	767.40	870.61
SOUTH AFRICA			
JSE Golds	–	1,048.5	1,026.1
JSE Industrials	–	968.9	862.2
SPAIN			
Madrid SE	115.75	114.74	109.11
SWEDEN			
J & P	1,375.35	1,370.51	1,455.7
SWITZERLAND			
Swiss Bank Ind	476.4	487.2	373.8
WORLD	Oct 4	Prev	Year ago
Capital Int'l	225.1	225.0	181.5

GOLD (per ounce)

	Oct 7	Prev
London	$326.75	$327.75
Zürich	$326.45	$327.75
Paris (fixing)	$328.09	$332.84
Luxembourg	$326.30	$331.00
New York (Dec)	$330.50	$332.20

* *Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR Oct 7	U.S. DOLLAR Previous	STERLING Oct 7	STERLING Previous
$	–	–	1.4135	1.415
DM	2.65	2.632	3.745	3.725
Yen	215.4	213.4	304.5	302.0
FFr	8.08	8.035	11.42	11.37
SwFr	2.169	2.1605	3.065	3.0575
Guilder	2.986	2.967	4.22	4.1975
Lira	1,782.5	1,778.5	2,519.5	1,778.5
BFr	53.7	53.6	75.9	53.6
C$	1.3675	1.367	1.9341	1.367

INTEREST RATES

Euro-currencies (3-month offered rate)	Oct 7	Prev
£	11⁹⁄₁₆	11⁹⁄₁₆
SwFr	4⅝	4⅝
DM	4¹¹⁄₁₆	4¹¹⁄₁₆
FFr	10¹¹⁄₁₆	10¹³⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¼	8⁵⁄₁₆
6-month U.S.$	8⅜	8¼
U.S. Fed Funds	7¾*	7⅞
U.S. 3-month CDs	7.80*	7.87
U.S. 3-month T-bills	7.07*	6.995

U.S BONDS

Treasury		Oct 7* Price	Oct 7* Yield	Prev Price	Prev Yield
9	1987	100⁶⁄₃₂	8.945	100⁶⁄₃₂	8.86
10⅜	1992	100¹⁵⁄₃₂	10.255	100²⁹⁄₃₂	10.16
10½	1995	100¹⁹⁄₃₂	10.398	101	10.33
10⅝	2015	99²²⁄₃₂	10.658	100⁶⁄₃₂	10.61

Corporate	Oct 7* Price	Oct 7* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅜	10.35	99⅞	10.45
3⅞ July 1990	81⅜	8.70	81½	8.75
8⅜ May 2000	83½	11.10	83½	11.10
Xerox				
10⅞ Mar 1993	97⅞	11.20	98⅝	11.05
Diamond Shamrock				
10⅜ May 1993	95⅞	11.55	96⅝	11.40
Federated Dept Stores				
10⅞ May 2013	93¼	11.60	93⅞	11.45
Abbot Lab				
11.80 Feb 2013	102⅛	11.70	102⅞	11.55
Alcoa				
12¼ Dec 2012	98⅝	12.60	98⅞	12.45

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	74–17	74–30	74–11	75–00
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.79	92.83	92.78	92.87
Certificates of Deposit (IMM) $1m points of 100%				
Dec	91.96	92.02	91.95	92.08
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.64	91.70	91.64	91.82
20-year Notional Gilt £50,000 32nds of 100%				
Dec	113–06	113–16	113–04	113–19

COMMODITIES

(London)	Oct 7	Prev
Silver (spot fixing)	440.60p	443.85p
Copper (cash)	£993.50	£978.50
Coffee (Nov)	£1,582.00	£1,595.50
Oil (spot Arabian Light)	$27.85	$27.85

TOKYO

Blue chips advance on speculation

INSTITUTIONAL investors retreated to the sidelines in Tokyo yesterday in a continuation of the hestitancy displayed at the close of last week, *writes Shigeo Nishiwaki of Jiji Press.*

However, speculative buying of blue chip and biotechnology stocks counteracted the loss of institutional support and cleared the way for a further advance.

The Nikkei-Dow market average gained 41.34 to 12,792.00, the third consecutive increase, on a volume of only 353m shares, compared with Friday's 386m. Advances outpaced declines 404 to 345, with 159 issues unchanged.

Institutional investors, anticipating a fall in Japanese interest rates because of the yen's rise against the dollar, had been trading actively in the week to last Friday in large-capital issues such as steels, shipbuildings, and utilities.

However, the rapid rise of Mitsubishi Heavy Industries and Nippon Steel made the institutions wary, and they stopped trading yesterday when the yen slipped.

The day's most active stock was Nippon Steel on volume of 10.9m shares, but this was way down on last Tuesday's high of 238.4m. It lost Y2 to Y195 on profit-taking.

Among other large-capital issues, Mitsubishi Heavy Industries dropped Y2 to Y450, Tokyo Gas fell Y6 to Y318 and Tokyo Electric Power was down Y70 to Y2,590.

Blue chips scored large gains. Toshiba and Mitsubishi Electric added Y10 and Y8 to Y378 each. Hitachi rose Y13 to Y665.

TDK went up Y120 to Y3,830, and Fujitsu advanced Y24 to Y950 while Canon closed Y30 up at Y1,040.

Market analysts said investors tentatively bought blue chips when large-capital stocks fell from favour.

Nissan Chemical was popular on hopes of higher earnings for the year ending next March due to the stronger yen. It finished at Y427, up Y22. Minebea jumped Y54 to Y764 on buying by non-residents.

Some biotechnologies gained on speculative buying. Teijin finished Y5 higher at Y558 on the second heaviest trading of 6.4m shares. Mitsubishi Chemical rose Y8 to Y498, and Nippon Kayaku added up Y28 to Y654.

The bond market was also lacklustre. Bank dealers grew increasingly cautious, and only small brokerage houses traded lightly in the benchmark 6.8 per cent government bond maturing in December 1994.

Transactions were around a sixth of last week's level when trading was buoyed by the meeting of the Group of Five finance ministers. The yield on the 6.8 per cent government bond declined to 5.595 per cent from Saturday's 5.600 per cent.

SINGAPORE

PROFIT-TAKING pulled prices down in Singapore, and the Straits Times index ended 3.81 lower at 763.59 on turnover that fell to 17.7m shares from 23.6m on Friday.

Low-priced shares were the most active, with Pahang down 1.5 cents at 57 cents and Johan 2 cents lower at 98 cents.

The finance sector saw Malayan Banking down 5 cents at S$57, DBS 5 cents lower at S$5.85 and UOB down 6 cents at S$3.56.

Commodities, hotel and properties were also lower and included Seaview, down 10 cents to S$3.14, Metroplex, which lost 12 cents to S$1.82, Consolidated Plantations, which closed 5 cents down at S$2.37, and Harrisons, which shed 4 cents to S$2.98.

CANADA

THIN trading left Toronto mixed and directionless.

Among actives Inco traded C$⅛ lower to C$16, Nova was down C$¼ at C$5⅞ and Trimac lost 10 cents to C$3.30. However, Gulf Canada was unchanged at C$19⅞ while Dome Petroleum gained 2 cents to C$2.70 and Barrick Resources added 3 cents to C$1.95.

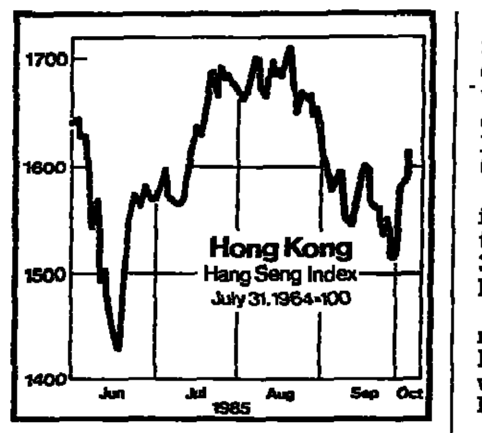
Northern Telecom lost a further C$⅝ to C$44 after shedding C$1⅛ on Friday.

Montreal followed the trend in light trading.

SOUTH AFRICA

GOLDS were generally lower in South Africa in spite of a marginal recovery in the bullion price. Vaal Reefs shed R1 to R185.50 and Western Areas was down 10 cents to R7.

Mining financials and other minings mostly held firm, with Anglo American Corporation steady at R32.25, Rustenburg Platinum up 75 cents at R20.75 and De Beers 10 cents higher at R12.20.



HONG KONG

STRONG demand for properties in Hong Kong was sparked by the bid for International City by Hutchison Whampoa and Hongkong Electric.

The rally led the Hang Seng market index 30.32 higher to 1,617.76.

Cheung Kong, which has controlling interests in all three companies, rose 88 cents to HK$19. HK Electric added 15 cents to HK$8.05, and Hutchison was up 80 cents at HK$27.00.

International City, which closed at 88 cents on Friday, was suspended from trading on Monday.

Among other properties Hongkong & Kowloon Wharf added 2 cents to HK$7.00, and Hongkong Land gained 1 cent to HK$6.60.

Banks scored well, with Bank East Asia up 4 cents at HK$21.69, Hang Seng Bank 5 cents higher at HK$42.75 and Hongkong & Shanghai Bank up 5 cents to HK$7.20.

EUROPE

Expression of faith at new peak

FOREIGN INVESTORS again demonstrated their confidence in the outlook for West German equities with a round of sustained, early buying which pushed **Frankfurt** to another record level.

The Commerzbank index reached its fifth peak during the past six trading sessions, clearing the 1,600 barrier with a 12.7 rise to 1,604.9.

The dollar's mild rebound gave the impetus for the foreign buying which centred on export-oriented issues – the focus for most buying interest since the beginning of the year when the index was 486.5 points below its present level.

Trading centred on automotive, banking and chemical issues with several coming down from their peaks as an element of restraint appeared to temper the tone.

The late declines were most marked in the banking sector. Deutsche Bank's early gain evaporated as foreign investors reduced their influence, and it closed down DM 5.50 at DM 670 while Dresdner eased DM 3.50 to DM 313 and Commerzbank DM 1.50 to DM 243.50.

Chemicals were led by Hoechst which firmed DM 4 to DM 233 while others in the sector to rise included BASF, up DM 3.90 to DM 242.90, and Bayer, DM 3.50 higher at DM 232.50.

Daimler turned in a strong performance in the automotive sector with a DM 11 rise to DM 977, followed by VW with a DM 5 increase to DM 332 and Porsche DM 7 higher at DM 1,295.

Bond prices eased marginally during quiet business as traders showed a reluctance to take positions after the dollar's rise. The Bundesbank bought DM 46.4m worth of domestic paper

Brussels also hit a peak during relatively strong demand for a broad range of issues with financial and electrical issues singled out for particular support.

Groupe Bruxelles Lambert was at the centre of activity in financial holding companies, firming BFr 35 to BFr 2,230. The relative shortage in the company's scrip and encouraging profit forecasts were behind much of the resumed buying.

Petrofina held its ground despite continued uncertainty on the international oil market and ended steady at BFr 6,250. The Brussels SE index added another 11.65 to a record 2,525.85.

Profit-takers moved into trading in **Amsterdam** from the beginning of trading to force the prices of selected issues sharply lower. Banks and insurance groups, which have benefited most from the market's recent strength, came under most pressure

Among banks, ABN fell Fl 8 to Fl 483 and NMB Fl 6.50 to Fl 191.50 while insurers were guided lower by Amev, off Fl 6.50 to Fl 266, and Aegon, Fl 3.80 lower at Fl 86.20.

Of the internationals, Royal Dutch slipped 50 cents to Fl 188.20, and Unilever eased Fl 2.40 to Fl 317.60.

The absence of new factors left **Paris** to drift slightly lower, with turnover lighter than in recent sessions. Traders also remained concerned about the amount of new scrip poised to enter the market through new issues.

Among the major losers, Bouygues slipped FFr 15 to FFr 635, Moët-Hennessy FFr 7 to FFr 1,738 and Club Med FFr 8 to FFr 417.

While the market's underlying mood remained firm, **Zurich** eased back as traders awaited fresh influences following the market's recent buoyancy.

Banks and insurance groups were easier, with Bank Leu down SwFr 25 to SwFr 3,700 and Crédit Suisse off SwFr 20 to SwFr 2,880 while Union Bank managed to hold its ground at SwFr 4,210.

Milan ended mixed, with industrial blue chips under most pressure. **Madrid** was also easier, and **Stockholm** edged higher in quiet business.

AUSTRALIA

Signal from BHP for run to record

THE CLIMB to new peaks continued in Australia – despite the closure of the Sydney exchange for the Labour Day holiday.

Investors were buoyed by the news that Mr Robert Holmes à Court's Bell Group had acquired 10.95 per cent of BHP, and the All Ordinaries index closed at an all-time high of 1017.0, up 4.9 on the previous session.

Bell Group ended the day 95 cents higher at A$11.85 while BHP closed 10 cents up at A$8.58 after peaking to A$8.70 during the day.

Elsewhere, the market also continued to react cheerfully to the recent spate of booming profits and the flourishing economy. Among leaders Peko added 10 cents to A$5.70, Bond Corp 8 cents to A$2.15, CSR 5 cents to A$3.62 and Bougainville 2 cents to A$2.00.

Against the trend CRA shed 6 cents to A$5.90, MIM was down 5 cents to A$2.50 and Western Mining lost 2 cents to A$3.86. Among banks, Westpac rose 4 cents to A$5.14, ANZ added 2 cents to A$5.14 and National Australia was steady at A$4.90.

Golds were generally quiet with Kidston up 10 cents to A$5.50 and Central Norseman down 10 cents to A$8.10.

LONDON

A LACK of enthusiasm gradually eroded initial gains in London, and the FT Ordinary index closed 4.1 down at 1,012.4.

Investors appeared wary ahead of the Conservative Party conference, which started yesterday, and several uninspiring surveys on the UK economy also subdued the market.

Takeover speculation, which helped keep the market alive in some sectors last week, tailed off.

Most active stock was Abbey Life which closed steady at 233p. Other actives included Blagden Industries, which rose 7p to 110p, and British and Commonwealth Shipping, which added 10p to 262p.

Elsewhere, British Telecom shed 2p to 195p, Exco International gained 2p to 207p and Lowe Howard-Spink added 13p to 308p.

The recent rise in gilts slowed as the market awaited the money statistics. Quotations were ⅛ to ¼ lower throughout the list.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32–33